รายงานประจำปี 2552
Annual Report 2009

บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
SiS Distribution (Thailand) Public Company Limited

Content

Vision....2
Summary of Financial Statements....3
Message from the Board....5
General Information....7
Organization Structure....10
Board of Directors....11
Management and Company Secretary....18
IT Industry Outlook....23
Competition....25
Milestones of operation in 2009....28
Revenue Structure....32
Explanation and Analysis from management....37
Appropriate of profits for the year of 2009....41
Report from the Risk Management....42
Risk Factors....44
Major Shareholders....49
Report from the Remuneration and Nomination Committee....50
Remuneration of Directors and Management....52
Good Corporate Governance Report....55
Related Transactions....71
Corporate Social Responsibilities....72
Report from the Audit Committee....74
Responsibility Report of the Board of Director for Financial Reporting....77
Auditor's Report....78
Balance Sheets....79
Statement of income....81
Statement of changes in equity....82
Statement of cash flows....84
Notes to financial statements....86

Vision

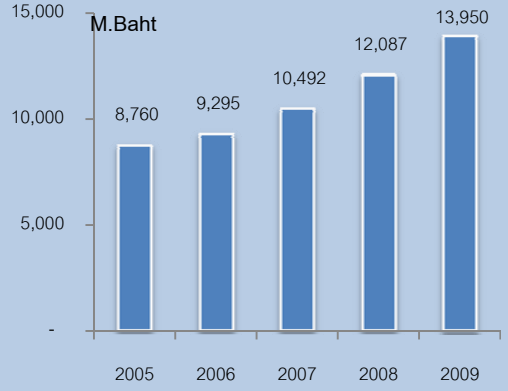
SiS

- *We are the leading company in IT business in Thailand with continuous development and good corporate governance for transparency*
- *We support technology in any area and provide various high quality products to enhance skills of Thai people and Thai entrepreneurs*
- *We deliver sustainable growth and long-term value to shareholders*
- *Our staff are skillful and able to give good advice to clients*
- *Our employees contribute high performance with skill and provide good advice to clients*
- *Our business success means to our suppliers, our clients and our staff*

Summary of Financial Statements

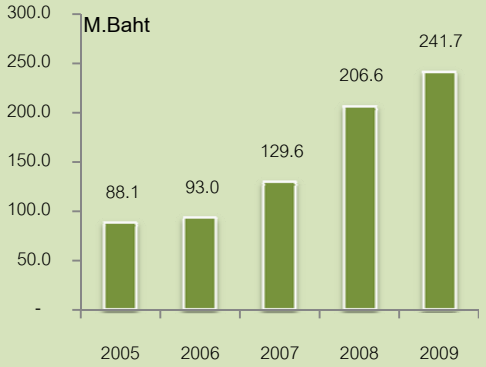
Total Revenues

Total revenues of the company were Baht 13,950 million, increased by 15% from last year, which increased more than average growth of IT Industry in 2009, research by National Electronics and Computer Technology Center (NECTEC), increased by 2.5%.



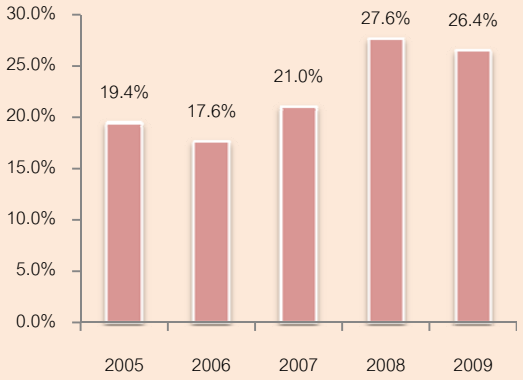
Net Profit

Net Profit of the company was baht 241.7 million, increased by 17% from last year, which increased in line of total revenues growth while decreased in selling expenses. The increment of net profit was higher than the increment of total revenues.



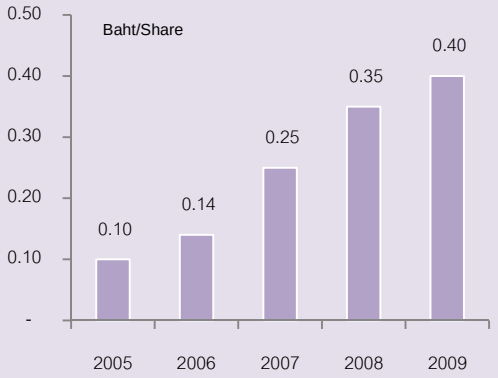
Returns on Shareholders' Equity

Return on Shareholder's Equity ratio was 26.4%, slightly decreased from last year. However, by reference to record from SETSMART of the first 9 months of 2009, the company has got rank 32 of the highest ROE Company in SET.



Dividend

The Board of Director deemed to propose the Shareholders' Meeting to approve dividend payment at the rate of 0.40 baht per share, increased by 14.3% from last year or equal to 34% of net profit.



As of December 31 2009

Unit : Million Baht

		2005	2006	2007	2008	2009
Operating Results						
Total Revenues	(Million Baht)	8,759.6	9,295.0	10,491.7	12,087.3	13,949.5
Revenue Growth Rate		*29.7%*	*6.1%*	*12.9%*	*15.2%*	*15.4%*
Profit before interest and tax	(Million Baht)	177.1	194.4	242.7	337.0	361.3
Profit before interest and tax Growth Rate		*44.6%*	*14.3%*	*9.8%*	*24.9%*	*7.2%*
Net Profit	(Million Baht)	88.1	93.0	129.6	206.6	241.7
Net Profit Growth Rate		*16.9%*	*5.5%*	*39.4%*	*59.4%*	*17.0%*
Balance Sheets						
Total Assets	(Million Baht)	2,346.5	2,080.4	1,778.5	2,143.2	2,981.9
Total Liabilities	(Million Baht)	1,855.4	1,514.9	1,111.6	1,314.5	1,982.6
Total Shareholders'Equity	(Million Baht)	491.1	565.5	666.9	828.7	999.3
Financial Ratio						
Gross Profit Margin		5.3%	5.1%	5.6%	6.8%	5.4%
Net Profit Margin		1.0%	1.0%	1.2%	1.7%	1.7%
Return on Assets		4.2%	4.2%	6.7%	10.5%	9.4%
Return on Shareholders' Equity		19.4%	17.6%	21.0%	27.6%	26.4%
Liquidity Ratio	(Times)	1.07	1.14	1.55	1.59	1.45
Quick Liquidity Ratio	(Times)	0.67	0.78	1.03	0.95	0.95
Debt to Equity Ratio	(Times)	3.77	2.68	1.67	1.59	1.98
Interest-Bearing-Debt to Equity	(Times)	1.88	1.67	0.75	0.59	0.91
Financial Figure per Share						
Basic Earning per Share	(Baht)	0.44	0.46	0.64	1.02	1.19
Book Value per Share	(Baht)	2.45	2.81	3.31	4.09	4.92
Dividend per Share	(Baht)	0.10	0.14	0.25	0.35	0.40

Remarks:

- Basic earning per share is calculated by dividing net profit for the year by the weighted average number of common shares in issue during the year
- Dividend for 2009 that shown in table, has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting

Message from the Board

Dear Shareholders

In 2009, the financial crisis particularly initiated from the United State of America dramatically affected to the world economy in terms of contraction and recession. Inescapably, Thai economy in 2009 was another year of uncertain economy. Furthermore, Thailand still has had political conflicts. There was April turmoil and the government announced an emergency situation in some areas of Thailand in April 2009. Although, the April crisis was manageable and came to the normal circumstance, the political crisis still has affected to Thai society and economy. According to external and internal economy crises and political uncertainty, Thai GDP in 2009 was decreased at 2.3% from 2008.

Although, under such situations, SiS Distribution (Thailand) Public Company Limited (Pcl.) still has pursued her particular vision of enhancing advanced technology to jointly increase a competency of Thai and Thai entrepreneurs, including her own significant and sustainable business growths. Particularly, the company management has been very concerned the remarkable and long-term profit of shareholders. The SiS Distribution (Thailand) Pcl. does appreciate to inform the shareholders that in 2009 the company still had earned good continuous business performance with total income of 13,950 million baht increased from 2008 at 15%, net profit of 241.7 million baht and increased from 2008 at 17%.

Beyond the healthy earnings and business performance, the company has focused on an importance of good corporate governance and regulations set by the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as the company has enhanced the company stakeholders' practices to promote good governance company cultures and to pursue sustainable company growth. With respect to the survey results of SET, SEC, and the Institute of Directors (IOD) for 2009 in terms of the good governance of listed company announced on December 18, 2009, SiS Distribution (Thailand) Pcl. got the zenith position as the excellent company with the 97 from 100 scores. Moreover, the evaluation outcome of the 1/2009 AGM showed the 100% score ranked as the best providing the great cooperation and coordination among shareholders, staffs, and relevant departments of the company.

For sure that 2010 is the challenging year of the company, even various economic gurus predicted that the world economy already passed the bottom zone, there are the vulnerable economy prognosis of 4 European countries. These economies' uncertainty may affect to the world again. As we had known about Thai politic crisis, the conflicts and the government stability still are very challenging for all relevant business units. The SiS Distribution (Thailand) Pcl has focused on these situations and has done her best to manage and sustain her business performance in these uncertain situations.

Last but not least, the company's board would like to take this opportunity to express our appreciation to all parties, including shareholders, staffs, clients, debtors and suppliers which have trusted and assisted the company to continue her prosperity. Very appreciation of our company, with these cooperation and coordination, they have made Thai, Thai entrepreneurs, Thailand to have higher efficiency, competence, and competitive advantages. Finally, the remarkable and sustainable effects come to the wealth of company, all shareholders, and all relevant stakeholders.

Mr.Suwit Chindasanguan

Chairman

Mr. Somchai Sittichaisrichart

Managing director

General Information

SiS Distribution (Thailand) Public Company Limited

Type of Business	:	IT Distribution and Services to Dealers
Office Location	:	1. Main Office : 65 Ground, 4th Floor Chamnan Phenjati Business Center, Rama 9 Road, Huaykwang Sub-District , Huaykwang District, Bangkok Tel. 0-2 640-3000, Fax Number : 0-2643-0780 2. Chiangmai Branch : 244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100 Tel.0-5320-1901-3
Warehouse Location	:	383 Soi Soonvijai (Rama 9 Soi 15), Rama 9 Road, Bangapi Sub-District, Huaykwang District, Bangkok 10320
Service Center Location	:	1. Ground Floor, Chamnan Phenjati Business Center, 65 Rama 9 Road, Huaykwang Sub-District , Huaykwang District, Bangkok 10320 Tel. 0-2 640-3001, Fax Number : 0-2640-3299 2. HTC Care, Room No. 4E75, 4th Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindang Sub-District, Dindang District, Bangkok 10320 Tel. 0-2640-3000 ext 4001 3. Room No. 11-26 Pantip Plaza, Petchburi Road, Petchburi Road Sub-District, Rajathevee District, Bangkok 10400 Tel. 0-2640-3000 ext 4003, 0-2656-6119 4. Room No. 26, 4th Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindang Sub-District, Dindang District, Bangkok 10320 Tel. 0-2640-3000 ext 4004 5. 244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100. Tel.0-5320-1901-3 6. HTC Care, Foor 3 Central Airport Plaza, Mahidol Road, Hayya Sub-District, Muang District, Chiangmai 50100. Tel.0-5320-2300, 0-5320-2700
Company Registration Number	:	Bor Mor Jor. 0107547000052

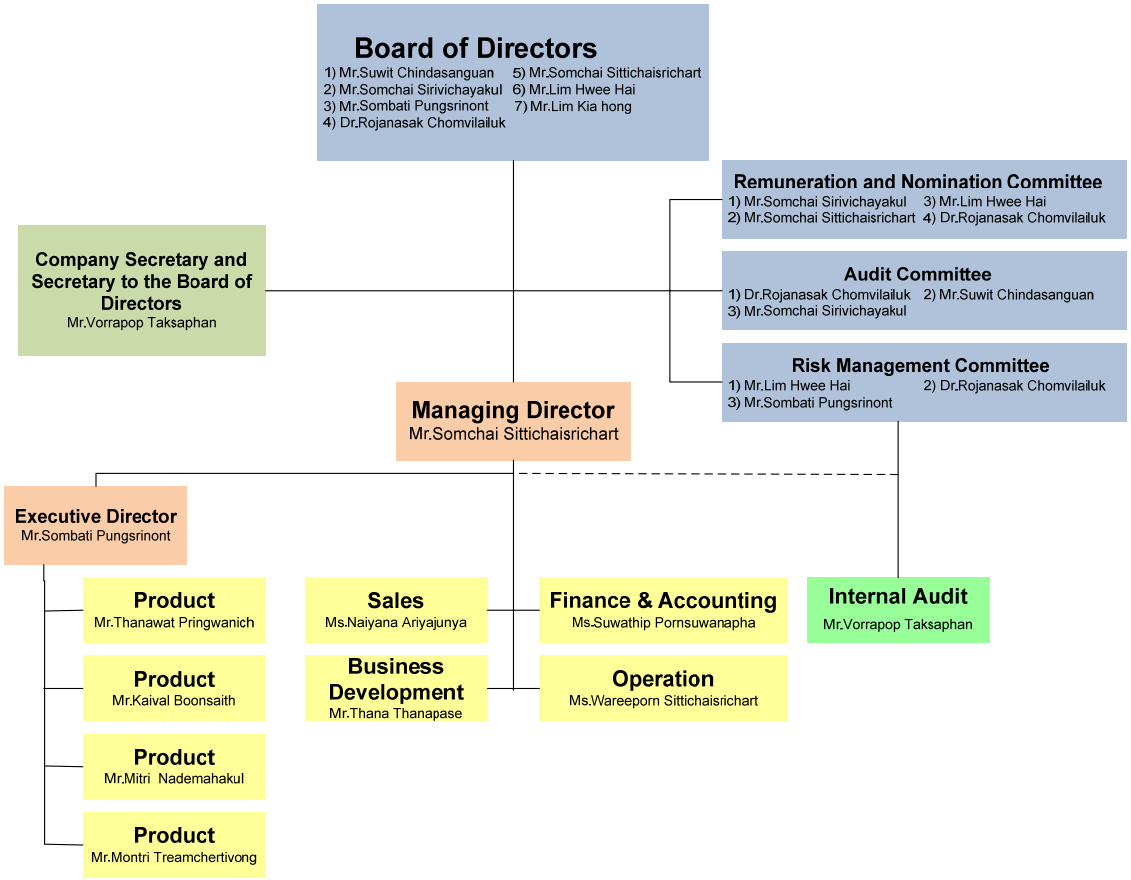
Website	:	Center www.sisthai.com Investor Relation www.sisthai.com/investor_th.html
Email	:	Center sis@sisthai.com Investor Relation investorinfo@sisthai.com Company Secretary companysecretary@sisthai.com Complain/Suggest complain@sisthai.com
Investor Relation	:	Ms.Jawita Yoswatananont : Tel. 0-2640-3243 : Email investorinfo@sisthai.com Ms.Suwathip Pornsuwannapha : Tel. 0-2640-3040 : Email investorinfo@sisthai.com
Authorized Share Capital	:	205 million baht as common shares at 1 baht each that issued and paid-up 203,174,100 baht

Other References

Share Registrar	:	Thailand securities Depository Company Limited 62 The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoey Bangkok 10110 Telephone : (662) 229 -2800 Fax : (662) 359-1259 Call Center : (662) 229-2888 Website: http://www.tsd.co.th E-mail: contact.tsd@set.or.th
Auditor	:	Mr.Ekkasit Chuthumsatit, Certified Public Accountant (Thailand) No. 4195 KPMG Phoomchai Audit Limited Empire Tower, 48th – 51th Floor, 195 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120 Telephone : (662) 677-2000 Fax : (662) 677-2222 ***Remark :*** KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited)) as auditor of the company to express an opinion on our financial statements based on their audits. KPMG Phoomchai Audit Limited is auditor of the company since 1999 and express unqualified opinion every year.
Independent Director	:	Email : independentdirector@sisthai.com
Legal Consultant	:	Cement Thai Legal Counsel Limited 1 Siam Sement Road, Bangsue Sub-District, Bangsue District, Bangkok 10800 Telephone : (662) 586 3494, (662) 586 5777 Fax : (662) 586 2976-7

Organization Structure

SiS Distribution (Thailand) Public Company Limited



Board of Directors

From left to right

1) Somchai Sirivichayakul • 2) Rojanasak Chomvilailuk • 3) Sombati Pungsrinont • 4) Suwit Chindasanguan • 5) Somchai Sittichaisrichart • 6) Lim Hwee Hai •7) Lim Kia Hong

Name	Mr.Suwit Chindasanguan
Position	Chairman • Audit Committee • Independent Director
Age	55 years
Nationality	Thai
Education	Master of Science (Economics), Kasetsart university
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Audit Committee Program - Improving the Quality of Financial Reporting - Role of Compensation Committee Program - Audit Committee: Experience, Problem and Best Practice - CG of Thai Listed Companies - Board - CEO Relations : Balancing Trust and Oversight - Role of Chairman - Monitoring the Quality Financial Report - How to specify the role and authority of Independent Director to perform and effectively of their duty. - 2009 economic situation: necessary to downsize the organization or not.
Shareholding	- None -
Duration to take a position of Independent Director in the Company	5 years

Working Experience / Directorship or management in other businesses

Working Experience	Jan. 2007 – Present	Chairman, SiS Distribution (Thailand) Public Company Limited
	Jan. 2004 – Jan. 2007	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited
Positions in other Listed Companies	1 Position	Independent Director and Chairman of Audit Committee Univentures Public Company Limited
Positions in other Non-Listed Companies	3 Positions for director and Advisor in other Non-Listed Companies as follows	
	2001 - Present	Chairman, Internet Solution & Service Provider Co.,Ltd.
	2007 - Present	Advisor to Executive Board, Thonburi Automotive Assembly Plant Co.,Ltd.
	2009 - Present	Chairman, One to All Co.,Ltd.

Name	Rojanasak Chomvilailuk Ph.D.
Position	Chairman of Audit Committee • Remuneration and Nomination Committee • Risk Management Committee • Independent Director
Age	48 years
Nationality	Thai
Education	Doctor of Philosophy in Marketing & Management, Charles Sturt University
Training History From IOD	- Fellow Member of Thai Institute of Directors Association - Director Certification Program - Audit Committee Program - Directors Accreditation Program - Audit Committee: Experience, Problem and Best Practice - Finance for Non-finance Director - Improving Board Decisions - Improving the Quality of Financial Reporting - Role of Compensation Committee Program - Certificate of Diploma - CEO Relations : Balancing Trust and Oversight - Chartered Director Class - What the Board Should Expect from the Company Secretary - Successful Formulation & Execution the Strategy - DCP Refresher Course - How to specify the role and authority of Independent Director to perform and effectively of their duty - 2009 Economic Situation : necessary to Downsize the organization or not
Shareholding	- None -

Duration to take a position of Independent Director in the Company 5 years

Working Experience / Directorship or management in other businesses

Working Experience	2004 – Present	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited
	2009 – Present	Chairman of Audit Committee, SiS Distribution (Thailand) Public Company Limited.
	2008 – 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Remuneration Committee, SiS Distribution (Thailand) Public Company Limited

Positions in other Listed Companies - None -

Positions in other Non-Listed Companies 2 Positions for director and Lecturer in other Non-Listed Companies as follows:

2005 – Present	Director, Marketing Move Co.,Ltd.
2005 – Present	Lecturer and Director of BBA. (International Program) The University of the Thai Chamber of Commerce

Name	Mr. Somchai Sirivichayakul
Position	Chairman of the Remuneration and Nomination committee • Audit Committee • Independent Director
Age	52 years
Nationality	Thai
Education	- Master of Engineering (Civil Engineering), Tokyo Institute of Technology, Japan - Accredited Gemologist, Asian Institute of Gemological Sciences (AIGS)
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Audit Committee Program - Audit Committee: Experience, Problem and Best practice - IT Governance: A Strategic Part Forward - Role of the Compensation Committee (RCC) - Director Certification Program Refresher Course - How to specify the role and authority of Independent Director to perform and effectively of their duty
Shareholding	- None -

Duration to take a position of Independent Director in the Company 5 years

Working Experience / Directorship or management in other businesses

Working Experience	2004 – Present	Independent Director & Audit Committee: SiS Distribution (Thailand) Public Company Limited
	2008 – Present	Chairman of the Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	2001 – 2008	Chairman of the Audit Committee: SiS Distribution (Thailand) Public Company Limited
	2001 – 2007	Chairman of the Board, SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited

Positions in other Listed Companies - None -

Positions in other Non-Listed Companies 7 Positions for director and Advisor in other Non-Listed Companies as follows

2009 - Present	Director, T.T. Ceramic Co.,Ltd.
2008 - Present	Director, J & W Development (Phuket) Co.,Ltd.
2007 - Present	Director, Space Development Co.,Ltd.
2005 - Present	Director, Food Obsession Co.,Ltd.
2004 - Present	Director, Cyber Intrend Co.,Ltd.
2003 - Present	Director, Profit Center Group Co.,Ltd.
1990 - Present	Partner, Sirichoke Development Partnership

Name	**Mr.Lim Hwee Hai**
Position	Chairman of Risk Management Committee • Remuneration and Nomination Committee • Authorized Director
Age	59 years
Nationality	Singaporean
Education	- Bachelor of Commerce (First Class Honours), Nanyang University - Master of Business Administration, The National University of Singapore
Type of Director	Non Executive Director
Shareholding	- None -

Duration to take a position of Independent Director in the Company 11 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 – Present	Director: SiS Distribution (Thailand) PCL.
	2008 – Present	Chairman of Risk Management Committee SiS Distribution (Thailand) Public Company Limited
	2008 – Present	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	1983 – Present	Director and President: SiS Group of Companies
	1979 – 1982	Manager, Banque Nationale De Paris
	1976 – 1978	Senior Officer, Development Bank of Singapore

Positions in other Listed Companies - None -

Positions in other Non-Listed Companies - None -

Name	**Mr. Lim Kia Hong**
Position	Authorized Director
Age	52 years
Nationality	Singaporean
Education	Bachelor of Business Administration, University of Washington, USA
Type of Director	Non Executive Director
Shareholding	- None -

Duration to take a position of Independent Director in the Company 11 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Director, SiS Distribution (Thailand) Public Company Limited
	1983 - Present	Chief Executive Officer, SiS Group of Companies

Positions in other Listed Companies - None -

Positions in other Non-Listed Companies - None -

Name	Mr. Somchai Sittichaisrichart
Position	Managing Director • Remuneration and Nomination Committee • Authorized Director
Age	50 years
Nationality	Thai
Education	- Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University - Master of Business Administration, Thammasat University
Training History From IOD	- Director Certification Program - Directors Accreditation Program - CEO Succession and Effective Leadership Development - IT Governance : A Strategic Path Forward - Successful Formulation & Execution the Strategy - What the Board Should Do in a Turnaround Situation - 2009 Economic Situation : necessary to Downsize the organization or not
Type of Director	Executive Director
Shareholding (31/12/2009)	5,103,300 shares or equivalent to 2.51% of total shares and exclude shares held by - Ms.Wareeporn Sittichaisrichart (spouse) 5,378,100 shares - Mr.Pete Sittichaisrichart (son) 7,558,900 shares - Ms.Ploy Sittichaisrichart (daughter) 12,000,000 shares
Duration to take a position of Independent Director in the Company	11 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Managing Director, SiS Distribution (Thailand) Public Company Limited
	2006 - Present	Remuneration & Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	1992 - 1998	Managing Director, M&V Technologies Co., Ltd.
	1982 - 1992	General Manager, Sharp Thebnakorn Co.,Ltd.
Positions in other Listed Companies		- None -
Positions in other Non-Listed Companies		- None -

Name	Mr. Sombati Pungsrinont
Position	Executive Director • Authorized Director
Age	52 years
Nationality	Thai
Education	Bachelor of Engineering (Electrical Engineering), - King Mongkut's University of Technology Thonburi - Master of Business Administration, Thammasat University
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Role of Compensation Committee Program
Type of Director	Executive Director
Shareholding (31/12/2009)	12,103,200 shares or equivalent to 5.96% of total shares and exclude shares held by - Ms.Suranee Pungsrinont (spouse) 100 shares - Mr.Chanont Pungsrinont (son) 2,606,000 shares - Mr.Thanakorn Pungsrinont (son) 3,500,000 shares
Duration to take a position of Independent Director in the Company	11 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Executive Director, SiS Distribution (Thailand) Public Company Limited
	2006 - 2008	Remuneration & Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	1997 - 1999	Executive Director, M&V Technologies Co.,Ltd.
	1992 - 1997	Executive Director, Tanawat Information System Co., Ltd.

Positions in other Listed Companies	- None -
Positions in other Non-Listed Companies	- None -

Management and Company Secretary

From left to right

1) Thana Thanapase • 2) Montri Treamchertivong • 3) Suwathip Pornsuwannapha • 4) Panit Srikrerkkrit • 5) Wareeporn Sittichaisrichart • 6) Mitri Nademahakul • 7) Naiyana Ariyajunya • 8) Kaival Boonsaith • 9) Thanawat Pringwanich

Name	Ms.Suwathip Pornsuwannapha
Position	Financial Controller
Age	40 years
Nationality	Thai
Education	Master of Accounting, Chulalongkorn University
Training History	- Risk Management Seminar & Workshop / IOD - Preparation before new Securities and Exchange Act applied / Listed Companies Association - CFO program / Federation of Accounting Profession - Impact from IFRS for Listed Company / Securities Analysts Association - SiS-Chula Mini MBA : Chulalongkorn University
Shareholding (31/12/2009)	950,100 shares or equivalent to 0.47% of total shares
Working Experience	1999 - Present Financial Controller, SiS Distribution (Thailand) PCL 1994 – 1999 Accounting Manager, M & V Technologies Co.,Ltd. 1991 – 1993 Senior Auditor, Coopers and Lybrand Co.,Ltd.

Name	Ms. Wareeporn Sittichaisrichart
Position	Operation Manager
Age	50 years
Nationality	Thai
Education	Bachelor of Science, Prince of Songkhla University
Training History	- FC Fundamental Course / Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute - Remuneration management / Hipo Training - Competency Based Human Resource Management: WASO Training Co., Ltd. - Best Employers in Thailand 2009 Study: Hewitt Associates (Thailand) Ltd. - The Coaching Clinic: Management and Psychology Institute
Shareholding (31/12/2009)	5,378,100 shares or equivalent to 2.65% of total shares and exclude shares held by - Mr.Somchai Sittichaisrichart (spouse) 5,378,100 shares - Mr.Pete Sittichaisrichart (son) 7,558,900 shares - Ms.Ploy Sittichaisrichart (daughter) 12,000,000 shares
Working Experience	1999 – Present Operation Manager, SiS Distribution (Thailand) Public Company Limited 1994 – 1999 MIS Manager, M&V Technologies Co.,Ltd.

Name	Mr.Thanawat Pringwanich	
Position	General Manager of Commercial Division	
Age	42 years	
Nationality	Thai	
Education	Master of Commerce, Macquarie University, Sydney, Australia	
Shareholding (31/12/2009)	- None -	
Working Experience	2006 – Present	General Manager of Commercial Division, SiS Distribution (Thailand) Public Company Limited
	2003 – 2005	Sales & Marketing Manager, Datapro Computer System Co.,Ltd.
	2002 – 2003	Business Consultant, Kenan Institution of ASIS
	2000 – 2002	Sales Manager, The Value System Co.,Ltd.

Name	Ms.Naiyana Ariyajunya	
Position	General Manager of Phone Division	
Age	42 years	
Nationality	Thai	
Education	Bachelor of Science, Burapha University	
Training History	- How to success in management of important customer/ Thailand Management Association	
Shareholding (31/12/2009)	- None -	
Working Experience	2007 – Present	General Manager of Channel Development Division, SiS Distribution (Thailand) Public Company Limited
	2005 - 2006	Sales & Marketing Manager, SiS Distribution (Thailand) Public Company Limited
	2004 – 2005	Vice President, Beraza Technology Co.,Ltd
	1999 – 2004	Sales Manager, D Computer Co.,Ltd.

Name	Mr.Panit Srikrekkrit	
Position	General Manger of Movie & Music Division	
Age	41 years	
Nationality	Thai	
Education	Bachelor of Business Administration, Assumption University	
Training History	- Skill Development of New Management / Hipo Training Accountancy Co.,Ltd.	
Shareholding (31/12/2009)	50,000 shares or equivalent to 0.02% of total shares	
Working Experience	2004 – Present	General Manager of Movie & Music Division, SiS Distribution (Thailand) PCL.
	2002 – 2004	Marketing Manage, GMM Grammy PCL.
	1999 – 2002	Product Manager, Pioneer Electronics (Thailand) Co.,Ltd
	1998- 1999	Product Manager, BMG Entertainment (Thailand) Co.,Ltd

Name	Mr.Thana Thanaphase	
Position	General Manager of Retail Division	
Age	47 years	
Nationality	Thai	
Education	Bachelor of Business Administration, Assumption University	
	Master of Commerce, Thammasat University	
Shareholding (31/12/2009)	- None -	
Working Experience	2008 – Present	General Manager of Retail Division, SiS Distribution (Thailand) Public Company Limited
	2005 – 2008	General Manager, Thai Samsung Electric Company
	1996 - 2005	Consumer Sales Manager, Hewlett Packard (Thailand) Co., Ltd.

Name	Mr.Kaival Boonsaith	
Position	General Manager of Enterprise Division	
Age	45 years	
Nationality	Thai	
Education	Bachelor of Business Administration	
	The University of the Thai Chamber of Commerce	
Shareholding (31/12/2009)	- None -	
Working Experience	2008 – Present	General Manager of Enterprise Division, SiS Distribution (Thailand) Public Company Limited.
	2003 – 2008	Vice President, Total Access Communication
	2002 – 2003	Senior Sales Manager, Hewlett Packard (Thailand) Co., Ltd.
	1997 – 2002	Major Account Manager, Compaq Computer (Thailand)

Name	Mr.Mitri Nademahakul	
Position	General Manager of Accessory	
Age	42 years	
Nationality	Thai	
Education	Bachelor of Marketing Management, Assumption University	
Shareholding (31/12/2009)	- None -	
Working Experience	2008 - Present	General Manager of Accessory, SiS Distribution (Thailand) Public Company Limited.
	2004 - 2008	Vice President of Sales and Marketing, EPS IT Plus Co.,Ltd.
	1999 - 2003	Business Development Manager, Metro System Corporation Limited
	1995 - 1999	Sales and Marketing Manager, EPS Media Co.,Ltd.

Name	Mr.Montri Treamchertivong
Position	General Manager of Networking
Age	39 years
Nationality	Thai
Education	Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Ladkrabang Master of General Management, Assumption University
Training History	- The High Effective Supervision Techniques
Shareholding (31/12/2009)	- None -

Working Experience	2008 - Present	General Manager of Networking, SiS Distribution (Thailand) Public Company Limited.
	2008	Head of Sales & CR, One to One Contacts
	2007 - 2008	Sales Manger, Synnex Co.,Ltd.
	2006	Senior Manager, True Corporation PCL.

Name	Mr.Vorrapop Taksaphan
Position	Company Secretary
Age	42 years
Nationality	Thai
Education	Bachelor of Accounting, Bangkok University
Training History	- Risk Management Seminar & Workshop / IOD - Investigation of Fraud Irregularities / The Institute of Internal Auditors of Thailand (IIAT) - Preparation before new Securities and Exchange Act applied / Listed Companies Association - What the Board Should Expect from the Company Secretary / IOD - Planning and trend of Internal Auditing under crisis of economy / The Institute of Internal Auditors of Thailand (IIAT) - Fundamentals Practice for Corporate Secretary / TLCA - Impact from IFRS for Listed Company / Securities Analysts Association - SiS-Chula Mini MBA : Chulalongkorn University
Shareholding (31/12/2009)	- None -

Working Experience	2008 - Present	Company Secretary, SiS Distribution (Thailand) PCL.
	2004 -2008	Quality Assurance Manager, SiS Distribution (Thailand) PCL.
	2004 -2008	Secretary to the Board, SiS Distribution (Thailand) PCL.
	2003 - 2004	Assistant Accounting Manager, SiS Distribution (Thailand) PCL.
	2001 – 2003	Senior Accountant, All Seasons Property Co., Ltd.

IT Industry Outlook

National Electronics and Computer Technology Center (NECTEC) cooperate with Software Industry Promotion Agency (Public Organization) and Ministry of Information and Communication Technology of Thailand to have ICT industry survey in Thailand for 2009 AD that estimated the computer hardware market in 2009 to reach a value of 77,619 million baht, increased from 2008 by 2.5%. And they forecast the computer hardware market in 2010 to reach value of 84,350 million baht, increased from 2009 by 8.7%. The product's value that is expected to be the highest increase is Notebook which will be worth 31,600 million baht in 2010, or increased by 7.5% from 2009.

Even there was economy recession in Thailand in 2009, Computer hardware market still have growth rate at 2.5% that in line with Information and Communication Technology usage in organization survey that made by Office of the National Statistics, Ministry of Information and Communication Technology (www.nso.go.th) in 2009, It found that computer usage in their business organization was 23.5% at all. According to the survey of 2008, there were only 24.8% of household that have own computer. From very low rate of computer usage, it is believed that computer market still have a high growth rate in next many years.

In 2010, it is believed that computer market will have a growth rate at 7.5%. Not only computer usage rate is still low but also other positive factors as follows:

Increment of Government Budget

Government had increased in spending under Thai Khem Kaeng (Stronger Thailand) Scheme. The government's total investment package is said to be about 1.43 trillion baht over the next three budget year from 2010 through 2012 that equals to 5% GDP of 2009.This huge investment will have directly impact to increase number of computer in government school and indirectly impact to make economy expansion that caused business and household consume computer more and more for their purpose.

Continuous Product Development

IT manufacturers are continuously improved their products. They are improved to meet the need of the users with higher efficiency, faster and lower prices. For instance, notebook becomes smaller, lighter and lower price and there are several models offer prices lower than Baht 20,000 in 2009 and continue to lower than Baht 15,000 in 2010. They can operate faster and connect to the internet with wireless connection. Some models, with a lower cost, can be sold at lower than Baht 10,000.

Expansion of Smart Phone

Previously smart phone has been used in small user group but it has a lot of expansion and is believed that it will become to be another product that initiates a lot of benefits to user that cause widely spread due to simple usage. For example, new operating system named Android, new applications and services that increase benefit to user continuously. SiS is leader in Smart Phone that run this business many years

and has a good distribution network. Besides, the company is entrusted from many vendors to be distributor that caused the company get a lot of benefits from this product group.

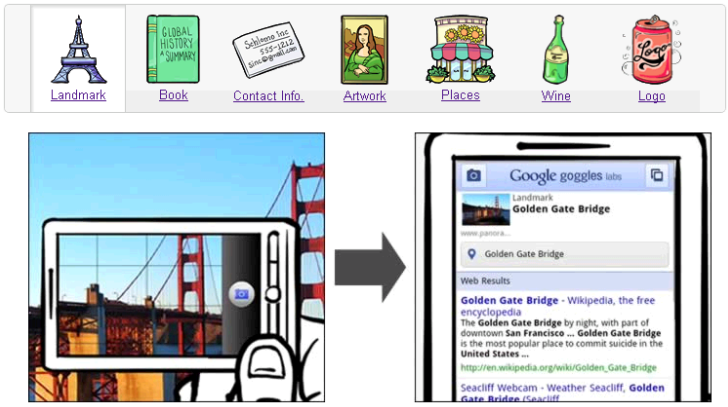
Incremental of Product Categories

Beside from improvement of existing product category, manufacturer still have continuously developed new products. Many products are in starting period that need more improvement but when it comes to maturity period, this product will have a huge expansion in a short period e.g. Net Book Computer which have one more attempt to introduce to market through new operation system named Chrome from Google with lower price and better performance. Moreover when it integrates with Cloud Computing, it's opportunity to be in a short time or in case of eBook reader that already became a popular product in aboard and have trend to be another product category that be popular from consumer when it has been developed to use Thai language and increase Thai book publishing company.

3G System

TOT began to provide service connection on 3G system in hi speed at 7.2 Mb/sec. This services help not only user who cannot reach ADSL network to be able to connect their computer to hi speed internet but user who in travelling also. At the beginning, network covered only in Bangkok and territory area and will have expansion in services area in the next phase. And it is believed that license to service provider will be increased shortly. It helps to connect easily to hi speed internet that caused more benefits to use and more market expansion.

Other services on the internet

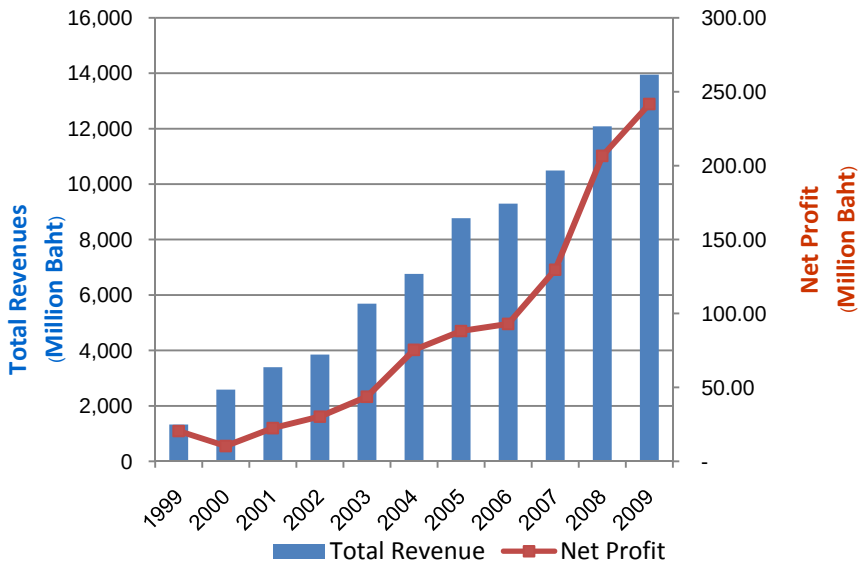


There is a new service on internet launched out every day especially in part of smart phone, when integrate with hi speed connection, GPS in smart phone will help user to know exactly user location that initiate new services for user e.g. find out nearby location, searching picture from camera or know other person location ,etc. These services can be provided users more benefits from IT usage and extend demand on IT product continuously.

Competition

SiS Distribution (Thailand) Public Company Limited is a distributor of technology products in Thailand, such as computer hardware, software, computer accessories, and office automation. The company was established in 1998 and was enlisted in the Stock Exchange of Thailand in 2004. Presently,

The company's earnings and growth for the past few years are illustrated in the following graph:



The following table shows the company's competitiveness and the growth of IT industry

The company's market share can be estimated from a survey on computer hardware market value for 2007 – 2010 by National Electronics and Computer Technology Center (NECTEC) compared with SiS's total revenue in 2007 - 2009 as follows

	2007	2008		2009		2010	
	Value	Value	Growth	Value	Growth	Value	Growth
Hardware Market Value (M.Baht)	68,159	75,720	11.1%	77,619	2.5%	84,350	8.7%
Total Revenues of SiS (M.Baht)	10,492	12,087	15.2%	13,950	15.4%		
Market Share of SiS	15.4%	16.0%		18.0%			

According to the above information, the company's total revenue shows an increase of market share from 15.4% in 2008 to 18% in 2009. This means the company has strong competitiveness.

Implement of Basic Infrastructure

In 2008, the company implemented a reorganization project to improve operating efficiencies and competition in the future. The globally used and well-known Enterprise Resource Planning program, known as SAP R/3, which had been used since 1998, was changed. In addition, work process model of the company was changed from the designed model in 1998; therefore, an improvement of working system should be implemented to create convenience and transparency. Though the SAP R/3 provided effectiveness to the company, the business software company, SAP, developed more promising applications and presented the latest program, SAP ECC 6.0. Thus, SAP ECC 6.0 will be replaced the old version. This program also conveniently encourages clients to buy the company's products via the internet. The project has been executed since the end of 2004 and is expected to finish within 2010. The company believes that the reorganization project will increase efficiency of the company as a whole.

Apart from the above project to improve the company's efficiency, with consistent development, the company possesses strength in so many ways to help compete in the market. The company's strength areas are:

Market Coverage

There are more than 4,000 dealers opened accounts with the company. In 2009, the company received orders from 4,450 dealers. Consistent order is very essential to the company to expand its business by procure more product and distribute to these dealers with slight expense increase.

Besides existing dealers, the company will invest in up country in 2010 by established 3 more branch offices in Phuket, Songkhla (Hadyai) and Khon Kaen to increase dealers and sales in those areas.

Product Procurement

The company is entrusted by leading IT product manufacturers as their distributor. This can be proved by an increase of product categories in 2009 such as Smart Phone Garmin-Asus Smart Phone Acer, Asus (notebook), Norton (software), PCTools (software), Gateway (notebook), MSI (notebook), ZTE (networking), IOMEGA (storage), Juniper (networking), Case-Mate (phone accessory), AverMedia (video recorder), Sanyo (projector), QNAP Thus, in 2009, the company became a distributor for 67 leading manufacturers.

To be entrusted by leading IT product manufacturers as their distribution in Thailand represents the company's effectiveness. This helps the company to distribute and market wide range of technology products, to increase sales, earnings and new more dealers.

Working system and corporate culture

The Company's working system is efficient and continuously improved. The company has invested in several system to boost work effectiveness such as SAP's ECC 6.0, the updated version of ERP, Lotus Notes' Electronic Workflow, Avaya's Call center, IBM's E-Learning, etc. The company also has become corporate education which enhances the company's competitiveness as well as helps the company to adjust to any change that may occur.

Strong and transparent financial status

The company's financial status is strong. Its shareholders' equities have been increased continuously. In 2009, shareholders' equities rose by 20.6% from last year to 999.3 million baht.

Apart from an increasing numbers of shareholders' equities, the company's constant growth is shown in its total revenues and net profit every year. It possesses the current ratio at 1.45, quick ratio at 0.95. The company is entrusted by financial institutions which the company has received a credit facilities more than 2,500 million baht at the end of 2009.

Recognition in the importance of Good Corporate Governance

The company has recognized in the importance and has adopted the principals of Good Corporate Governance in 5 categories namely, 1) Rights of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4)Disclosure and Transparency 5) Responsibilities of the Board. From the survey of 2009 Good Corporate Governance of listed company from IOD, the company's assessment was in excellent, highest level. That represents the emphasis of Good Corporate Governance which supports sustainable growth as well.

Milestones of operation in 2009

1. Sourcing the additional IT products

Sourcing the additional IT products with high quality, outstanding technology and suitable price was one of major objectives of the company that led to the product variety and fits in the customers' needs. This could promote the total revenue of the company and helped the company to reach to the goal in term of better effectiveness of the Thai business and better knowledge by using the suitable technology. During the past year, the company was the distributor of vary additional products and the significant products were:

- ZTE (www.zte.com)

ZTE is a leading global provider of telecommunications equipment and network solutions in China with 62,000 employees and distribute its products to 140 countries worldwide. Our company has collaborated with ZTE to distribute 3G cards for connecting computers with the internet network 3G cordless.

- Juniper (www.juniper.net)

Juniper is the global leader IT manufacturer and has been joined with our company to distribute the Network Security devices and switch to large organizations.

- Norton (http://www.symantec.com/norton/index.jsp)

Norton is a leader of Security software in US and is a part of Symantec Company which our company has already been its distributor but Norton is specialized on security software applications for consumers and small businesses. This software has programs that can protect against the threats after connecting to the internet network. The company was appointed to be a sole distributor in Thailand.

- Garmin-Asus (www.garminasus.com)

Garmin-Asus is a joint venture of 2 leaders IT manufacturers which are Garmin as the global leader in satellite navigation and Asus as the technology leader in the IT industry. Both companies collaborate to launch smart phone, which focus on the satellite navigation with various applications to support its purpose.

- Asus (www.asus.com)

  Asus is the global leader in computer equipment and notebook computer manufacturer and with this appointing us as a distributor; our company was able to distribute several models of Asus notebook computers to our company's dealer network.

- Acer Smart Handheld (mobile.acer.com)

  Acer has entered into the Smart Phone business in 2009 and appointed the company to be a distributor of Smart Phone in Thailand. They helped the company to be a

2. Trade Shows and Events

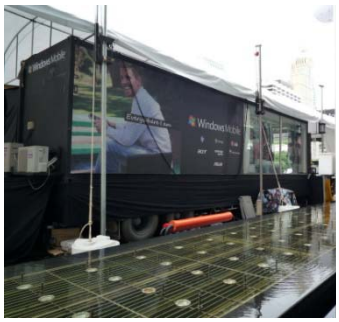
Through the year 2008, SIS attended trade shows and reached achievement either in terms of sales or public relations. The followings are trade shows that the company attended:

Comworld Thailand 2009
12 – 15 February 2009, Siam Paragon

Thailand Mobile Expo 2009
29 January – 1 February 2009, Queen Sirikit Center

Computer Fair 2009
20 – 22 March 2509, HadYai

Commart Summer Sales 2009
19 – 22 March 2552, Queen Sirikit Center



Windows Mobile Experience Tour
10 - 14 June 2509, ground @ Central World

Commercial Expo 2009
24 March 2009, Imperial Queen's Park Hotel

Digital ICT Chiangmai 2009
2 – 5 July 2009, ChiangMai University

Thailand Mobile Expo 2009
1 – 4 October 209, Queen Sirikit Center

3. Opportunity Days and Analyze Meeting

The Company has joined SET's Opportunity Day program to provide and broadcast information on its Q3/2009 performance. Interested person who's not participate in person, can follow up and download slide presentations and send questions to presenters on the Live Webcast of SET. Additionally, viewers can view past programs.

Not only performance presentation in Opportunity Day, but the company has organized an analyst meeting also to provide analyst review to promote the company to the investors.

4. Annual General Meeting and Recognition as Excellent Group

The Securities Exchange Commission (SEC), Thai Investors Association, and Listed Companies Association encouraged listed companies to increase awareness of the AGM and conducted the 2009 AGM Assessment whose fiscal year ended December 31, 2008. The company emphasizes the importance of AGM as well as its shareholders that should be received the appropriate AGM information so the company attempts to hold on AGM to provide maximum benefits. Shareholders can receive information and monitor the operations of the company. From the assessment of 2009 AGM, the company has evaluated and received the full score of 100 points. The company aims to improve AGM to benefit our shareholders more and more.

5. Achieve “Excellent” from CG Assessment

The Thai Institute of Directors Association conducted a 2009 CG assessment of Thai Listed companies by evaluate in the following 5 CG principles as Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, Responsibilities of the Board. The company achieved 92% in their overall CG rating which classified as excellent CG scoring group. The company aims to improve CG more and more to be sustained growth.

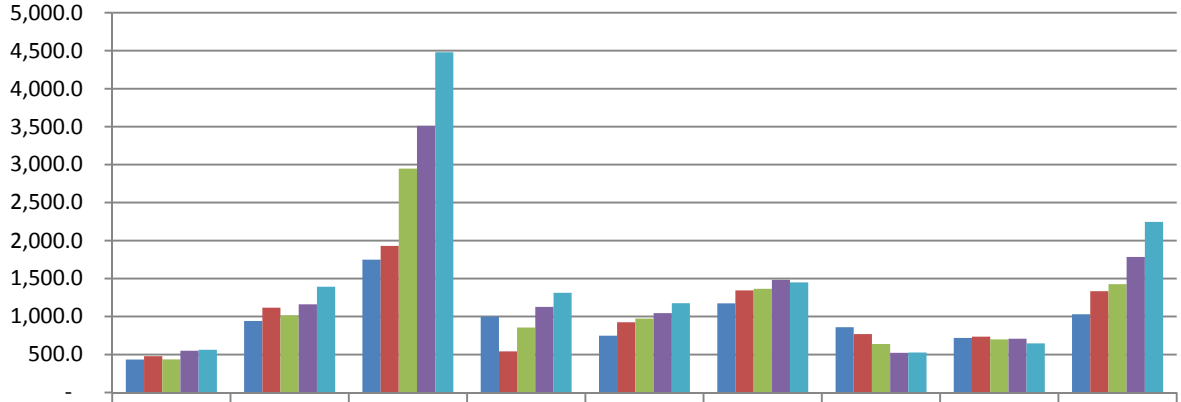
6. Open sale and service location in Chiangmai

to expand business in the north, the company has opened Chiangmai branch in Quarter 3/09 to be sale and service office. Currently, 11 employees work in Chiangmai. Chiangmai Branch is located at 244, Wualai Road, Hayya Sub District, Muang District, Chiangmai 50100. Tel. 0-5320-1901-3

Revenue Structure

In 2009, the total sales was 13,793 million baht that increased by 15.9% from last year. Revenue from sales can be categorized in accordance with 9 product types by compared with previous 5 years as table and graph below:

Unit: Million Baht



	Server	Desktop	Notebook	Smart Phone	Supply	Imaging	Storage	Printer	Others
2005	435.0	942.0	1,748.0	998.0	747.0	1,174.0	859.0	719.0	1,030.0
2006	479.0	1,116.0	1,931.0	541.0	926.0	1,345.0	769.0	735.0	1,333.0
2007	436.8	1,016.1	2,948.5	855.0	972.6	1,365.7	639.0	700.1	1,425.6
2008	551.0	1,160.5	3,511.1	1,127.3	1,045.8	1,484.3	522.6	707.4	1,785.6
2009	562.0	1,393.5	4,479.5	1,312.2	1,176.7	1,450.3	526.1	646.1	2,246.1

Server

Server sales increased from 551 million baht in 2008 to 562 million baht in 2009 or increased by 2% from previous year. This product was used in enterprise especially large enterprise. In 2009, the economic recession made several companies to slow down investment. As a result, server sales slightly increased.

The Company has been appointed as distributor of Acer, HP, IBM, and Lenovo.

Desktop

Desktop sales increased from 1,160 million baht in 2008 to 1,393 million baht in 2009 or increased by 20.1% from previous year since the increasing popularity of branded PC compared to assembly PC and sales computer to government schools under Thai Chem. Khan Scheme that started to purchase in Quarter 4/2009.

The Company has been appointed as distributor of Acer, Apple, HP, IBM, and Lenovo

Notebook

Notebook was the highest growing group even though high base of sales. Its sales increased from 3,511 million baht in 2008 to 4,480 million baht in 2009 or increased by 27.6% from previous year because of increased efficiency of notebook and declining prices to gain increased popularity. It is estimated that in 2010 the sales of notebook computers continue to grow up because the rates of computer use in Thailand is lower than 30% in both the household and establishment level.

The Company has been appointed as distributor of Acer, Apple, Asus, Gateway, HP, IBM, Lenovo, MSI, Samsung, and Toshiba

Smart Phone

Smart Phone is an amalgamation of mobile phone and small computer on the same machine. This was a group of products that have very small market size but started to increase popularity and having growth opportunities. The company's leading product and a variety of products. Its sales was 1,127 million baht in 2008, increased 16.4% to be 1,312 million baht in 2009.

The Company has been appointed as distributor of Acer, Garmin Asus, HTC, and Samsung

Supply

Supply sales increased by 12.5% from previous year or from 1,046 million baht in 2008 to 1,177 million baht in 2009 Sales in this group will increase regularly as the number of printers available in the market. Products with high sales in this group are ink, toner.

The Company has been appointed as distributor of HP, Samsung, Xerox, OKI, and Ricoh

Imaging

Imaging is one of the two groups are of lower sales. Its sales decreased from 1,484 million baht in 2008 to 1,450 million baht in 2009 or decreased of 2.3%. Products in this group are LCD monitor, Projector and Scanner. The main product in this group is that LCD monitor. From last 2-3 years, its sale was high because of replacement of CRT monitor. However, when CRT monitor replacement was the saturation, number of LCD monitors sold depended on the sales of desktop computers. Overall it is not growth because users prefer notebook more than desktop.

The Company has been appointed as distributor of Acer, HP, Lenovo, Nikon, Philips, Panasonic, Samsung, and Sanyo

Storage

Storage sales slightly increased by increasing from 523 million baht in 2008 to 526 million baht in 2009 or by 0.7% from previous year. The company sales increased in external movable storage but decreased in storage for server so total sales close to previous year.

The Company has been appointed as distributor of Acer, EMC, HP, IBM, Iomega, Imation, Promise, QNAP, Toshiba, and Western Digital

Printer

This product group is little or no growth for several consecutive years. When combined with HP printer products shortage in the past 2009, its sales in this group decreased from 707 million baht to 646 million baht or 8.7% from previous year.

The Company has been appointed as distributor of Fuji-Xerox, HP, Oki, Ricoh, and Samsung

Others

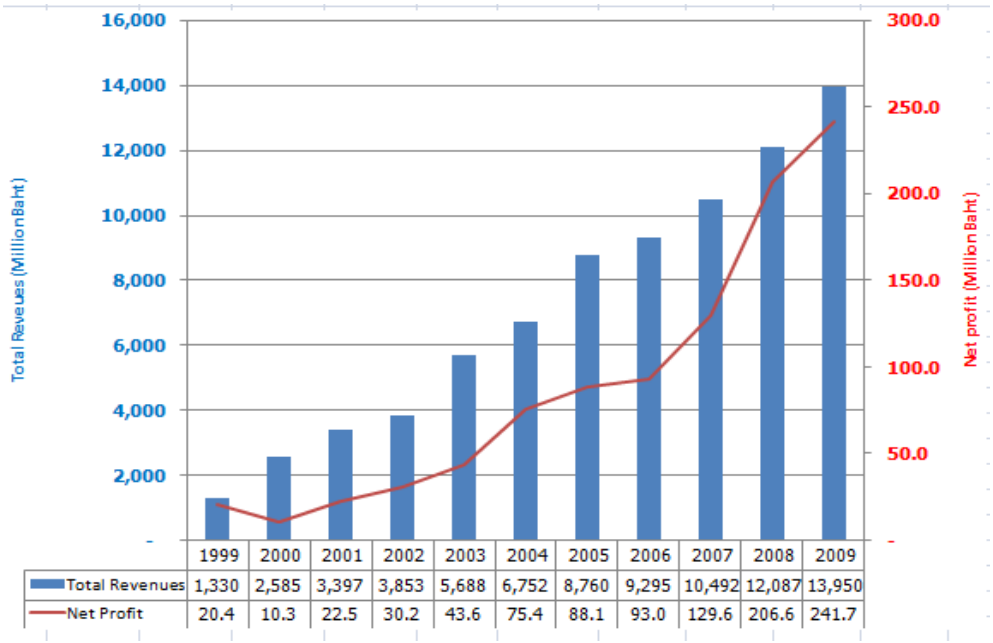
Others comprised of small several products groups such as Networking, Bag, Mouse, Keyboard, Memory, UPS, Software, Cameras, etc. These products were high growth and trying to promote. The company has made sales of 1,786 million baht in 2008 to 2,246 million baht in 2009 or increased by 25.8% from previous year.

The Company has been appointed as distributor of 3Com, APC, Axis, AverMedia, ACTi, Belkin, Barkan, Cisco, Case-Mate, Cheval, Commy, D-Link, Emerson, Fortinet, Hama, Iomega, IQUA, Juniper, Krusell, Linksys, Microsoft, Norton, Nikon, Nuforce, PCTools, Radware, Sandisk, Symantec, Targus, Veritas, VMware, Western Digital, WatchGuard, Zyxel and ZTE

Explanation and Analysis from management

Performance

2009 was the year of economic slowdown in many countries over the world from financial crisis that started from the United States and widespread throughout the world. Thailand has been the impact from decrease of exports and tourism, as well as, conflicts in which violence and the government must announce emergency during Songkran that made GDP in Thailand decreased by 2.3% from 2008. However, in terms of company performance of 2009, it was the year that recorded new high of total revenues and net profits since it started operation. In 2009, the company has the total revenues 13,950 million baht, increasing by 15.4% from last year. This amount is higher than the growth of IT industry which is forecasted to be 8.7%. The reasons that support this best performance are the continuity of IT Industry growth despite GDP shrink down and the capable of the company and its employees that leads the total revenues increase more than the IT industry does.

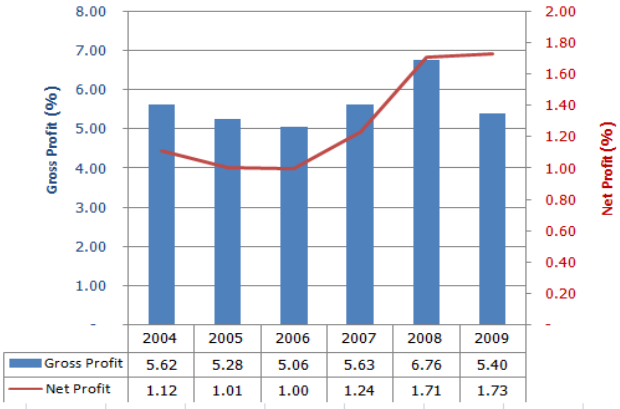


Net Profit

In 2009, the company earned net profit 241.7 million baht, increased by 17% from the previous year which is more close to the percentage of increase of total revenues.

Gross Profit

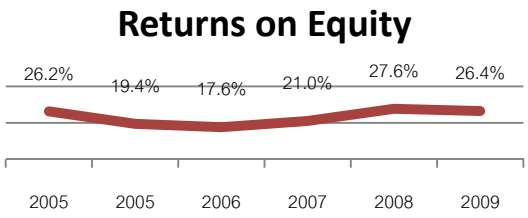
Gross Profit decreased from 6.76% in 2008 to 5.4% in 2009 due to project sales increased. Project sales earned profit margin less than the average profit.



Besides, profit margin from Smart Phone that ever got high margin, started down from the high increased competition and selling low prices model more to increase sales. However, the company was aware of the economic slowdown that will occur, so the company made efforts to reduce cost, especially selling and administrative expenses. Its expenses can reduce from 526 million baht in 2008 to 411 million baht or decreased by 22% from previous year that made the company to maintain net profit at a level not different from 2008.

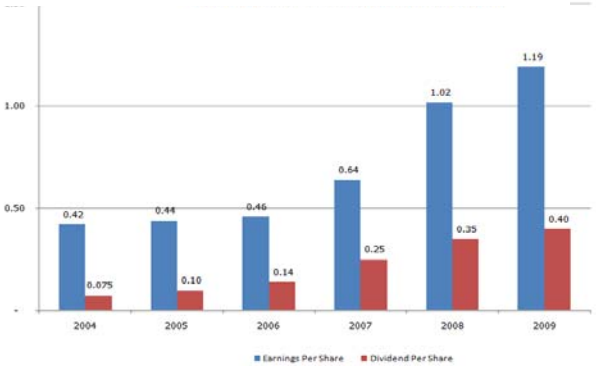
Returns on Equity (ROE)

Returns on Equity decreased from 27.6% in 2008 to 26.4% in 2009.



Earnings per Share

Earnings per Share increased from 1.02 baht in 2008 to 1.19 baht in 2009 which is the highest Earnings per share since the company started operations.



Dividend

The board of director approved the allotment of the net profit and proposed the dividend payment to the shareholders at 0.40 baht per share for 203,174,100 shares, in total amount of 81,269,640 baht from the operating results in 2009 which increased from 2008 to pay at 0.35 baht per share.

Financial Status

Assets

The main assets of the company are composed of 2 items that are accounts receivable and inventory. The amount of both items is 92% of total assets

- Accounts Receivable As at December 31, 2009, Accounts Receivable is 1,824 million baht that increased 661 million baht from 2008 because of the huge sales increase in Quarter 4. In Quarter 4/2009, the company had total revenues of 3,717 million compared with 3,001 million in 2008 or increased by 716 million baht from project sales increased, so Accounts Receivable increased, also. However, in terms of Average Collection Period is 43.2 days that is in the industry's average level.

	2008	2009
Accounts Receivable (M.Baht)	1,163	1,824
Average Collection Period (Days)	38.6	43.2

- Inventory As at December 31, 2009, Inventory is 919 million baht, equivalent to 23.9 days of average days sale period which is higher than 2008 amount to 130 million baht. This caused increased inventory due to product that is worth 116 million baht waiting for deliver to project.

When calculated Average Days Sale Period, it is 23.9 days วัน that is in the industry's average level.

	2008	2009
Inventory (M.Baht)	789	919
Average Days Sale Period (Days)	22.5	23.9

Liabilities

The main liabilities of the company are composed of 2 items that are Accounts Payable and Loan from financial institution. The amount of both items is 91% of total liabilities.

- Accounts Payable As at December 31, 2009, Accounts Payable is 905 million baht, equivalent 20.9 days of average payment period. Normally, vendor provides credit period of 30 days but some vendors offer high discount for early payment. Therefore, the company decided to pay vendors earlier in order to get more discount. So, average payment period of 2008 and 2009 was 17.9 days and 20.9 days respectively.

	2008	2009
Accounts Payable (M.Baht)	615	905
Average Payment Period (Days)	17.9	20.9

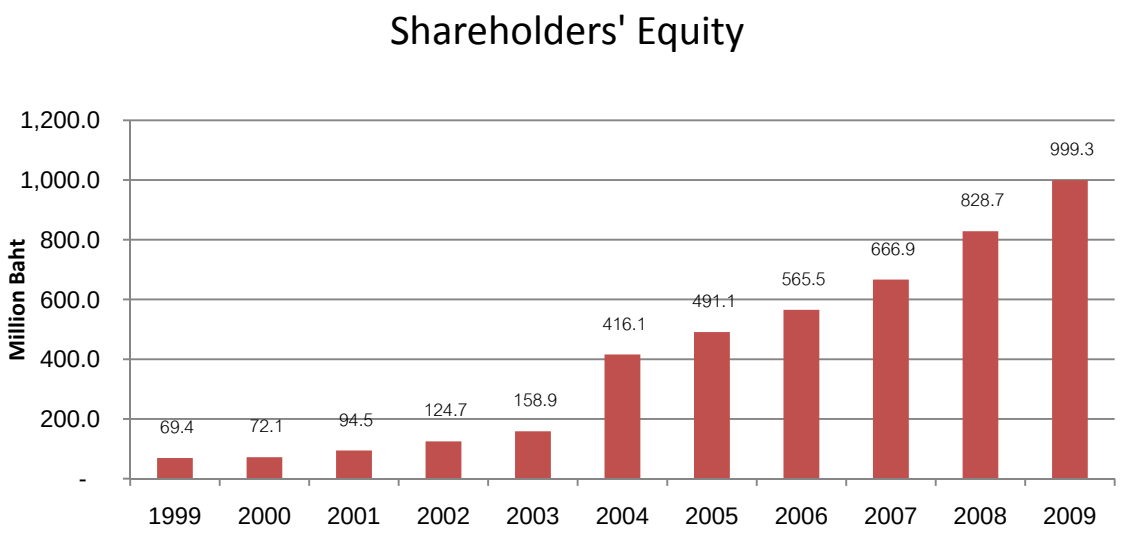
- Loan from financial institution As at December 31, 2009, Loan from financial institution is 907 million baht, increased from 2008 that was at 490 million baht. The reason are the expansion of our business, inventory accounts receivable increased by higher sales. Even though, average loan in 2008 increased but interest expense decreased from 34.9 million baht in 2008 to 30.9 million baht in 2009 due to lower interest rates and the company received good support from the Bank.

  In terms of debt to equity ratio, it increased to 1.98 by increasing loans. However, if calculated interest bearing debt, interest bearing debt to equity of 2009 is at 0.91 which is still considered low.

	2008	2009
Loan from financial institution (M.Baht)	490	907
Interest Expense (M.Baht)	34.9	30.9
Debt to Equity	1.59	1.98
Interest-Bearing-Debt to Equity	0.59	0.91

Shareholders 'Equity

Shareholders 'Equity increased from 829 million baht in 2008 to 999.3 million baht in 2009 and has increased continuously to support expansion of the company as well. (The Company was listed on the Stock Exchange of Thailand in 2004)



Cash Flow

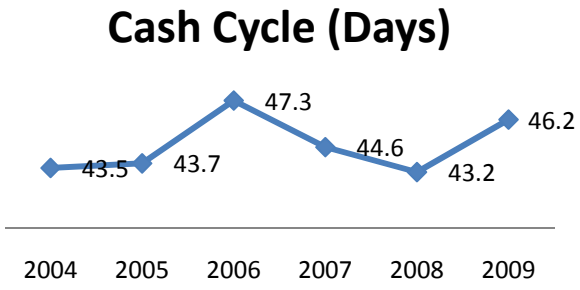
Cash Flow from operating activities

Increasing of main operating cash flow in 2009 is

- Net profit of 2009 is 241.7 million baht
- Accounts Payable increases by 288.8 million baht

Decreasing of main operating cash flow in 2009 is

- Accounts Receivable increases by 663.0 million baht
- Inventory increases by 136.5 million baht



Overall, in 2009, the company had Cash Flow from operating activities decreased 285.2 million baht. Cash Cycle was 46.2 days that worse than 2008 with 43.2 days. Even Cash Flow will be reduced 285.2 million baht, but a problem caused in short-term business opportunities. The management has assessed and found that risk is rather low when combined with the received good support from the Bank, the company also made decision to expand its business to increase shareholders' wealth and capacity in competition in the future.

Appropriate of profits for the year of 2009

The company was listed on the Stock Exchange of Thailand in 2004 by having dividend payment in the past following year as below:

For the operating results in 2009, the board of director approved the allotment of the net profit and proposed the dividend payment to the shareholder at 0.40 baht per share.

If the company could get the approval from shareholders, the company would pay 2009 dividend of 203,174,100 shares at 0.40 baht per share, in total amount of 81,269,640 baht, 33.6 % of net profit for this year, as below table.

	2004	2005	2006	2007	2008	2009
Net Profit (Baht)	75,392,369	88,132,396	92,973,672	129,604,734	206,619,427	241,727,524
Registered and paid up share	200,000,000	200,856,300	201,481,300	201,655,100	203,174,100	203,174,100
Dividend per share (Baht)	0.075	0.10	0.14	0.20	0.30	0.40
Special Dividend per share (Baht)				0.05	0.05	
Total Dividend per share (Baht)	0.075	0.10	0.14	0.25	0.35	0.40
Total Dividend payment (Baht)	15,000,000	20,085,630	28,207,382	50,413,775	71,110,935	81,269,640
Dividend Payout	19.9%	22.8%	30.3%	38.9%	34.4%	33.6%

Report from the Risk Management Committee

Dear Shareholders

SiS Distribution (Thailand) Public Company Limited has realized the importance of risks and the necessity of risk management with regards to the Company's business operation continuity and long term performances. Therefore, the Board of Directors appointed the Risk Management Committee in the Board of Director meeting no. 3/2008 on May 9th, 2008. The Risk Management Committee consists of three members; Mr.Lim Hwee Hai (Non Executive Director as the Chairman), Dr.Rojanasak Chomvilailuk (Independent Director as the Committee) and Mr.Sombati Pungsrinont (Executive Director as the Committee and President of Risk Management Team). The Risk Management Committee has three-year position period. In addition, the Risk Management Committee appointed a Risk Management Team, including Managing Director; Executive Director; General Manager; and representatives from all related departments to jointly develop risk management plan, risk prevention measures, and risk resolution approaches. Furthermore, the Risk Management Team would develop policies, duties and roles of the relevant units and people, with respect to the risk management and risk assessment. All mentioned responsibilities, duties, roles, and activities of the Risk Management Plan and policy would be planned and developed to achieve the world standard procedures and practices of Risk Management

In 2009, The Risk Management Committee and Risk Management Team had arranged seven meetings to consider in the importance of each subject as follow:

- Setting up the objectives of Risk
- Identify Risk Event
- Setting up the KPIs to warning about Risk
- Risk Assessment in both of impact and likelihood
- Setting up the Control Activities.
- Setting up the Owner of each activities and appropriate monitoring time.

The Company disclosed the important risk that affect to business operation and all stakeholders in the Annual Report of the Company.

The Risk Management Committee will operate this policy with efficiency and continuity and in line with the good Corporate Government Principle, sufficient and appropriate internal control, compliance with the law and regulations concerning by various regulatory agencies. The Risk Management Committee definitely believes that the policy can obliterate or reduce the impact from potential risks and ensure continuity of the Company's business operation

(Mr.Lim Hwee Hai)
The Chairman of Risk Management Committee
SiS Distribution (Thailand) Public Company Limited
February 26, 2010

Risk Factors

There are the possible risks which can be affecting the company performance and the investors as well as follow.

1) Risk from reliance on few manufacturers

Although the company is distributor and purchased products from over 60 manufacturers in 2009, the company has sales of Hewlett Packard (HP), the largest manufacturer up to 41%. The proportion of HP sales in 2008 is the high level of 42% that does not change much. The company expects that HP is still main product for a few years because HP is a major IT manufacturer in the world that produces high quality products and have distribution channel through distributor.

Although the proportion of HP products in total sales of the company is consistently high, the company has assessed to reduce risk by several ways as:

- Maintain a good relationship with HP

  The Company has several investments to improve efficiencies. To be a good partner with HP, the company is a major customer with HP also. Our relation is two-ways relation which both are important partner of each other.
- Increasing in sales other products

  The Company is sourcing to increase other products for a past few years, especially products that do not conflict of HP much. The company still increases HP sales as the growth of HP. In the past few years, the company is sourcing to increase more products from various manufacturers. Until 2009, the company had 4 manufacturers of other products that its sales was more than 5% of total sales or more than 700 million to reduce risk.
- Improvement to work effectively

  since the company has improved in several areas to benefit to vary aspects of manufacturers, this leads the company to be an important key in the IT industry and most manufacturers would like to appoint the company to be distributor. For example:

- **Market Coverage**

  The Company has dealer network that consists of over 4,000 companies in the IT sector, all of which have opened accounts and purchased products from the company (In 2008, there are 3,804 dealers purchased our products and increased to 4,450 dealers in 2009). The company can assist manufacturers to distribute more quickly to over 4,450 dealers with efficiency than manufacturer themselves will do or not worse than other distributor.

- **Product storage and distribution**

  The Company has an effective and excellent inventory system. The abilities to store product for manufacturers and quick distribute product to the customer from a little amount to the large amount. In Bangkok area, orders before 11.00 am the product will be delivered within a same day while its will be delivered on the next day for orders after 11.00 am as well as cities out of Bangkok. These bring a lower cost than each manufacturer delivers their own products.

- **Management of small-scale dealers**

  Our teams are able to manage small-scale debtors effectively and holding more than 2,400 dealers that have credit term to immediately purchase goods from the company thus helping manufacturers provide credit for small-scale dealers which in turn enable them to make sales quickly.

From above benefits, both of the originally manufactures and new manufacturers continuously need the company as distributor both continuously. The Company has a policy to expand business by sales new products to reduce risk from reliance on few manufacturers.

2) Risk from changes in technology which impact on inventory

As our core products are computers and accessories which have fast change in term of technology, the company has faced to a risk of obsolete inventory which could damage the business.

The Company takes the following steps to manage this risk as follows:

- **Inventory management less than 30 days**

  The Company has a policy to keep inventory in a range from 15 to 30 days by product type. The high risk products will keep no more than 15 days and the low risk products can store up to 30 days that was a limited risk of inventory. If the company faced the problem of fewer sales, the company can solve it quickly because of not much product left on hand. Inventories compared with sales are as follows :

	2004	2005	2006	2007	2008	2009
Average Day Sales (Days)	22.4	27.4	25.9	20.5	22.5	23.9

- Delegate to Product Manager

  The Company delegates Product Manager to manage its product in terms of ordering, inventory management and marketing. This has provided specialist to focus on individual product brands. When the problem occurred, it can be solved quickly. The company realizes that inventory management is key factor in the evaluation of Product Manager.

- Inventory Reserve for obsolete stock

  The Company monthly sets an allowance for obsolete and defective stock by reviewing the aging of inventory. This reserve is sufficient. When there is inventory on hand, reserve is provided by reviewing the aging of inventory. So, profit that shown in financial statement is always deducted from inventory burden.

- Data System

  The Company has invested in warehouse management system on SAP R/3 that can be provided inventory information accurately and quickly with various reports to manage inventory effectively such as Inventory Aging report by items, inventory turnover by items, etc. Besides, systems can alert long outstanding inventory in database and each product manager has to record the action plan to solve problems. Totally, the operators and related person realize accurate information of inventory at all times.

- Management

  Our management team has been focusing on the regularly inventory management. The top management has conducted the weekly meeting with the product manager to review the value of total inventory and inventory aging. These allow the company to spot the trends of the industry and be able to set immediately the solutions for the coming changes that leads to the reductions of the damage of the inventory. Besides, these strategies could be built as one of the company cultures in term of the inventory prioritization.

3) Risk from currency exchange rate

The company imports some of products in USD currency while the products will distribute in the country in Baht currency. In 2009, the company purchases the products from foreign country approximately 30%. To protect exchange rate risk, the company purchases forward contract at least 50% of purchase orders by receiving advice from the relevant financial institutions on a regular basis how much forward contract be purchased.

4) Risk from competition and low gross profits

It Distributor is highly competitive and its margin is low but IT industry is large and high growth. In the past several years, growth is more than 10% at all times. In this industry, price may be used as a primary strategy in the competition. If it happens, the company may have to reduce price to compete which may affect company's performance. The company is trying to mitigate this risk by increasing our product range, which in turn diversifies our sales. If the problems occur, the impact would be confined to certain areas. Moreover, the Company tries to focus on the development and promotion of

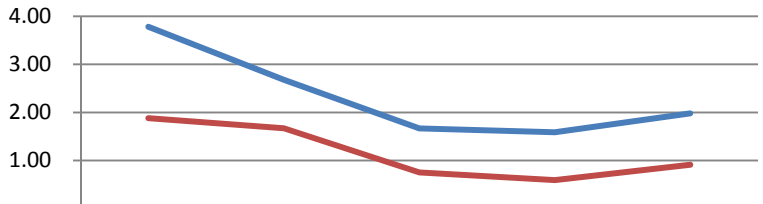
products for which the markets are not particularly large but which offer high profits and low competition to help sustain profits overall. At the same time, the Company has sold to many dealers that over 4,000 dealers results in a diversification of sales. Because It distributor requires a lot of funds, there are few opportunities for the newcomers enter into. Conversely, the Company believes that some distributors that are not competed will be out of the market or merge among distributors.

5) Risk from Accounts Receivable

In 2009, the Company has the credited sales approximately 67% of total sales and the majority of our dealers could not provide collateral covered all their debts including many dealers are small companies which not much more funding. If our accounts receivable are nonperforming and unable to pay on scheduled, it may effects our liquidity, working capital or the result of the operation. However, the Company thoroughly reviews credit status before credit given to our dealers and credit control department is separate from sales to ensure that credit is considered independently. In order to reduce the risk of bad debt, the Company sets an allowance of doubtful accounts in order to accurately reflect financial status or purchases insurance policies to cover part of the damage from bad debt.

6) Risk from working capital

From the structure of IT distribution, cash cycle is the range of 30 to 50 days. Working capital always requires more if the company's revenue growth increase more than 15% which is our risk and burden to provide more working capital also. As of December 31, 2009, the company has short term loan from financial institutes in amount of 907 million baht. If all financial institutes call loan back simultaneously, the company may face financial problem. From being to be listed company, the Company has options to increase more working capital. Moreover, the Company has diversified in lending from several financial institutions to reduce risk of reliance on any one major financial institution. And from the increased earnings that caused of shareholders' equity increased every year. And the growth rate in the past few years has slightly increased that caused of not much working capital requirements increased. Debt to Equity of 2009 was at 1.98 or Interest-bearing Debt to Equity of 2009 at 0.91 which is still low and acceptable by bank. From shareholders' equity increased, if the company selects not to pay vendors earlier, cut off long term sales and control inventory levels in 20 days within year of 2012, the company will be able to run business without bank loan.



	2005	2006	2007	2008	2009
Debt to Equity	3.78	2.68	1.67	1.59	1.98
Interest Bearing Debt to Equity	1.88	1.67	0.75	0.59	0.91

7) Risk from reliance on staff

IT is a business which requires IT knowledge staff to join with. Besides, the Company recruits experienced staff to join with the Company, the Company still have training continuously to maximize the effectiveness of our customer services. If capable and skillful staff resign from the company, it may impact to business operations and ability to expand in short term and additional cost required in training new staff for replacement and issues the warrants for the employees to purchase stock option at special price by exercisable based on the service period to motivate the feeling of the ownership which leads to the better performance and longer service period. Besides, the company uses many strategies to manage the risk of the dependency on human resources. For example, the company separates sale department off marketing department which allows the customers contact with 2 division instead of 1 to avoid the risk of the dependency on human resources. Also, the company has improved the working system by applying more the information systems such as ERP system of SAP R/3 and the Electronic Workflow of Lotus Notes., This leads to the smoothly, speedy and accurately working structure with the warning system for the errors and reduce some reliance on the human resources. Additionally, the company has set the management structure by diversifying the responsibility to many executives and substituting the work with the similar employees' performance in many levels to support the decrease of the reliance of human resources.

8) Risk from global financial crisis

As known, the financial crisis in U.S. has been expanded from country to country and might become to the deteriorate economy in worldwide. In Thailand, this risk might be impact to the export and tourist industrial specially. The Company believes IT industrial will be effect. To reduce the risk in this case the company has prepared as a follows:

The Industry Trust

According to the 2009 survey of the Nation Statistical Office of Thailand, IT Industrial is still far from saturation. There is only 23.5% of computer used in the business organization. According to computer is useful and necessary equipment of workplace and household, the Company believes the demand of IT products will increase in the future more than other products.

The competitive Expenditure Structure

The company has competitive of expenditure structure. The company has lower amount of employee than the competitors. Plus the vigilance of the company investment and lower fixed cost structure, the decrement of operating results will decrease many type of expenses, including staff expense. From this structure, the company believes to be able to adjust from the crisis better than the other companies.

The several product lines and diversification sales channels

The Company has many product lines and many sales channels that help to spread the risk and support negative impact that might be happen, The Company obtains advantage from the opportunity in the change.

The expanding of Business Plan

The Company has planned to expand the Business in the year 2009 by the good Plan and prepare for some part of Business Plan already. This Business Plan can help the Company to expand the Business and reduce the crisis that might impact the organization.

Major Shareholders

The following is the list of our top 10 major shareholders as of December 30, 2009 as:

Number	Name of Shareholder	Shareholding		% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	99,750,000		49.1%
2	Total Shares of Sittichaisrichart's Family are comprised o	30,040,300		14.8%
	- Somchai Sittichaisrichart		5,103,300	
	- Wareeporn Sittichaisrichart (spouse)		5,378,100	
	- Pete Sittichaisrichart (son)		7,558,900	
	- Ploy Sittichaisrichart (daughter)		12,000,000	
3	Total Shares of Pungsrinont's Family are comprised of	18,209,400		9.0%
	- Sombati Pungsrinont		12,103,200	
	- Suranee Pungsrinont (spouse)		100	
	- Chanont Pungsrinont (son)		2,606,100	
	- Thanakorn Pungsrinont (son)		3,500,000	
4	Sompng Cholkadeedumrongkul	10,661,700		5.2%
5	Naris Jirawongprapa	5,326,500		2.6%
6	Synnex (Thailand) Public Company Limited	3,780,000		1.9%
7	Thai NVDR Co.,Ltd.	3,594,300		1.8%
8	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG	2,457,000		1.2%
9	Pattana Mektipachai	1,926,200		0.9%
10	Viparat Lertsiwaporn	1,605,900		0.8%
	Total shares of top 10 major shareholders	177,351,300		87.3%
	Total shares	203,174,100		

Remark

- SiS Technologies (Thailand) Pte. Ltd. is a Investment Holding Company by Mr.Lim Hwee Hai and Mr.Lim Kia Hong are directors and both are directors of SiS Distribution (Thailand) Public Company Limited.

Report from the Remuneration and Nomination Committee

Dear Shareholders

The Remuneration and Nomination Committee (R&NC) of SiS Distribution (Thailand) Plc has been appointed by the Board of Directors in the meeting no. 1/2008 on November 4th, 2008. The R&NC consists of 4 members; Mr. Somchai Sirivichayakul as the Chairman of the remuneration and nomination committee (Independent Director), Dr. Rojanasak Chomvilailuk (Independent Director), Mr. Lim Hwee Hai (Non-executive Director) and Mr. Somchai Sittichaisrichart (Managing Director) as members. The member of R&NC, by the Charter, has a three-year period to serve in its position. In 2009, the R&NC had held 4 meeting and all members participated in all meetings to review, discuss and consider the related agenda according to the Charter as follow

1. To consideration, review, set up and recommend on the compensation for the Directors based upon the strategic goals and objectives of the company set up each year. In 2009, The R&NC set up the director's compensation clearly and disclosed all detail of director's compensation in the company's annual report. The R&NC also makes recommendation for the 2010 director's compensation scheme through the Board of Directors approval and then to propose to the annual general meeting of shareholders for final approval.
2. To provide the principles and criteria for recruiting, evaluating, selecting and nominating directors in relation to positions replacement or empty positions, and recommend the succession plan of the top executives of the company. In 2009, the R&NC had set up the policy clearly in relation to the succession plan for executive director, senior management for the sustainable competitiveness of the Company.
3. To precede the process of recruitment, evaluation, selection, and nomination of the appropriate candidates who have the capabilities and qualifications in consistent with the nomination criteria for the positions of the company's directors, regarding the conditions of position replacement. In 2009, the R&NC had nominated the appropriate candidates to be directors replacing directors who retire by rotation as determined in Article of Association of the company in the annual general meeting of shareholders no.1/2010. The R&NC had provided a time window for all shareholders to nominate any candidate for director in advance prior to the annual general meeting according to the clear corporate governance criteria disclosed in the company's website. However during the time windows provided, there were no shareholders nominating any candidate for director. The R&NC had nominated appropriate candidates to the Board

of Director for approval prior to proposing to the annual general meeting of shareholders for election. Detail of all information disclosed in the invitation letter.

The R&NC disclosed the compensation of directors and senior management of the company for the year 2009 and directors' compensation policy for the year 2010 including activities report of the R&NC in the Company's annual report.

The R&NC will review, consider, analyze and evaluate the compensation of directors and executive directors carefully and fairly based on the benefits of all shareholders, stakeholders, and for the motivation the directors and top executives to improve the performances and profitability of the company in future.

(Mr.Somchai Sirivichayakul)
Chairman
The Remuneration and Nomination Committee
SiS Distribution (Thailand) Public Company Limited
February 26, 2010

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Remuneration of Directors and Management

Remuneration of directors

The company has determined the Remuneration of Directors and management staff clearly and transparently based on comparable industry levels and for the efficiency required of supervising Directors. The remuneration of Directors and management staff is classified as follows:

Monthly retaining fee of the Boards

Chairman the Board of Directors shall receive a monthly allowance of 20,000 baht. Directors (except Managing Director and Executive Director who are the company's executives shall receive salary from the company) shall receive a monthly allowance of 10,000 baht.

Monthly Retaining fee of the Audit Committees

Chairman of the Audit Committees shall receive a monthly allowance of 30,000 baht. The audit committees shall receive 20,000 baht per month.

Attendance fee for the Boards

Directors attending Board of Director meetings held every quarter shall receive an allowance of 20,000 baht per meeting. Chairman of the committee shall receive an additional of 10,000 baht, in total of 30,000 baht. The fees shall be paid no more than 4 times per year.

Attendance fee for the Audit Committees

Audit committees attending audit committee meetings held once a month shall receive an allowance of 5,000 baht per meeting. The fees shall be paid no more than 12 times per year.

Attendance fee for the Remuneration and Nomination Committees

Remuneration and Nomination Committee attending Remuneration and Nomination Committee meetings held three times a year shall receive an allowance of 20,000 baht per meeting. Chairman of the Remuneration and Nomination Committee shall receive an additional of 10,000 baht.

Special Bonus

This shall be paid once a year to directors who are not Executive Directors according to their performance. This will be considered by the Remuneration and Nomination Committees as stated in criteria for reviewing remuneration. In 2009, Shareholders approved the total budget 6 million baht for the Company to be paid as remuneration to Directors. The actual payment and accrued bonus was 3,560,000 baht and will be proposed to the 2010 annual general meeting to set the remuneration of director not more than 6 million baht.

The 2009 annual general meeting of shareholders set the monthly remuneration of Directors as follows:

Name	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Lim Hwee Hai	Lim Kia Hong	Somchai Sittichaisrichart	Sombati Pungsrinont
Position	● Chairman ● Audit Committee	● Director ● Chairman of Audit Committee ● Remuneration and Nomination Committee	● Director ● Audit Committee ● Chairman of Remuneration and Nomination Committee	● Director ● Remuneration and Nomination Committee	● Director	● Managing Director ● Remuneration and Nomination Committee	● Executive Director
Monthly retaining fee for board	240,000	120,000	120,000	120,000	120,000	-	-
Monthly retaining fee for audit committee	240,000	260,000	340,000	-	-	-	-
Attendance fee for board	150,000	100,000	100,000	100,000	80,000	100,000	100,000
Attendance fee for audit committee	60,000	60,000	60,000	-	-	-	-
Attendance fee for remuneration and nomination committee	-	80,000	70,000	60,000	-	60,000	-
Special bonus	360,000	230,000	230,000	-	-	-	-
Total	**1,050,000**	**850,000**	**920000**	**280,000**	**200,000**	**160,000**	**100,000**

The remunerations of Managing Director and Executive Director will be reviewed by the Remuneration and Nomination Committee. There are 2 criteria: Financial Operation's Results and Strategic Goals (60%) must be consistent with the industry and operation & corporate governance (40%).

Management staff will be reviewed by Managing Director. Then, total remuneration will be informed to the Remuneration and Nomination Committee. This will be reported in the annual report's remuneration of Directors and Management staff section

Management Remuneration

The combined remuneration for the 13 managements in 2009 was paid in the form of monthly salaries, quarterly bonus and yearly bonus totaling 43,315,165 Baht. Thirteen managements and company secretary are as follows:

1) Mr.Somchai Sittichaisrichart	Managing Director
2) Mr.Sombati Pungsrinont	Executive Director
3) Ms.Suwathip Pornsuwannapha	Financial Controller
4) Ms.Wareeporn Sittichaisrichart	Operation Manager
5) Mr.Thanawat Pringwanich	General Manager of Commercial Division
6) Ms.Naiyana Ariyajunya	General Manager of Phone Division
7) Mr.Panit Srikrekkrit	General Manager of Movie & Music Division
8) Mr.Thana Thanapase	General Manager of Retail Division
9) Mr.Kaival Boonsaith	General Manager of Enterprise Division
10) Ms.Pornpimon Sawatphadungkij	General Manager of Business Development Division
11) Mr. Mitri Nademahakul	General Manager of Accessory Division
12) Mr. Montri Treamchertivong	General Manager of Networking Division
13) Mr.Vorrapop Taksaphan	Company Secretary, Quality Assurance Manager

Provident Fund of Management

The money paid into the provident fund by the 13 managements in 2009 totaled Bt 1,546,942 and must have worked for 5 years to be eligible for this remuneration, receivable when they leave the employee of the company. Should they leave prior to having completed five years of service, returns shall be paid on a sliding scale, as laid out below:

Length of Services	Rate received
Under 2 years	Only the employee contributions and benefits from the fund
2-3 years	Employee contributions and 20% of company contributions together with benefits from the fund
3-4 years	Employee contributions and 40% of company contributions together with benefits from the fund
4-5 years	Employee contributions and 70% of company contributions together with benefits from the fund
5 years up	Employee contributions and 100% of company contributions together with benefits from the fund

Good Corporate Governance Report

Corporate Governance Policy

The Company recognizes in the importance of good Corporate Governance. The Board of Directors and Managements staffs are continuously committed to corporate governance to advance management efficiency and to drive the Company's sustainable growth. The company has adopted the principles of good corporate governance along the guidelines laid down by The Stock Exchange of Thailand.

From the survey and evaluation in 2009 Corporate Governance of Listed Company by The Thai Institute of Directors Association (IOD), The Stock Exchange of Thailand (SET) and The Securities and Exchange Commission (SEC) and report on http://www.thai-iod.com/th/publications-detail.asp?id=132. There are 52 Companies in the Excellent Group that got the score between 90-100 point and the Company has been evaluated in this group (the "Excellent" group). That showed the recognition of the Company to emphasize on the practice according to the principle of The Stock Exchange of Thailand.

Right of Shareholders

As a Listed Company, listed on the Stock Exchange of Thailand, the company respects the rights of shareholder and recognizes the importance of all shareholders and treats shareholders equally and fairly as follows:

- To operate with efficiency and carefulness to maintain sustainable growth as well as to promote good corporate culture and to provide appropriate return of investment. These are stated in one of the objectives of the company.
- To treat all shareholders equally, disclosed fully adequate information and transparency, providing all processes and procedure for the shareholders meeting to support equitable treatment of all shareholders, encourage all shareholders have equal opportunity for comments and questions and set the voting right in the shareholders meeting clearly.
- Providing the opportunity for Shareholders to query about the operation's results of the Company. In 2009, the Company was joined in Opportunity Days to declared the operation's results of third quarter 2009 and showed on website of the Stock Exchange of Thailand including to record for shareholders or investors can track after the meeting. During the year 2009, shareholders sent their query about the operation via e-mail and telephone several time and the Company replied all query as well as access to explain and answer in the popular Web Blog of Investors.
- The Company will give prior notice of the Annual General Meeting of shareholders on the corporate website and give shareholders the opportunity to propose agenda items and nominees for election as directors in advance. Shareholders will receive adequate, accurate, complete, transparent, timely and verifiable information on which to form decisions. The Company was providing the opportunity for the shareholders propose matter to be included as an agenda or sent

their question as well as propose qualified candidate to be nominated as the Company's director. The detailed guidelines and procedure have been disclosed in the Company's website at http://www.sisthai.com under Investor Relations section >> shareholder information >> proposal agenda >> propose AGM agenda and nominate director or sent an e-mail to investorinfo@sisthai.com or phone to Ms.Jawita Yoswatananont at 0-2640-3243 or Ms.Suwathip Pornsuwannapha at 0-2640-3000.

There are 2 shareholders sent their question in advance and the Board of Directors answer that in the Shareholders meeting no.1/2009 held on 27th March 2009.

- To facilitate investors and others who are interested in investment with the Company to get accurate company's information timely, there is the Investor Relations Department to help them with correct information and fast service by call or call Khun Jawita Yoswattananont at 0-2640-3243. There is also "Investor Relations" page in the company's website at www.sisthai.com เพื่อให้ www.sisthai.com to provide useful information. The Investors can send the suggestion or inquiry via email at investorinfo@sisthai.com.
- The Company held the Annual General Shareholders Meeting (AGM) according to the good practice of Regulator Agencies. The Securities and Exchange Commission (SEC) coordinated with Thai Investors Association and Thai Listed Companies Association jointly assess the quality of AGM Meeting every year. The Company has evaluated the meeting as the table below. The Company improved the process of meeting in line with the recommendation of AGM Checklist and the Company got full score from the assessment of 2009 AGM Meeting that show the Company recognizes the important of shareholders and effort to treat all shareholders equally.

Year	Full Score	Company's Score
2006	100	56.4
2007	110	72.0
2008	110	102.5
2009	100	100.0

Role of Stakeholders

The Company recognizes the right of all stakeholders and set the Company's Policy to treat of each group equally and appropriately. This can be summarized as follows:

- *Employee*

The Company recognizes the importance of employees that contributed to the progress of the company and set up the Security Policy to all employees and develop them in knowledge and ability by offers educational and training opportunities to all employees to enhance the overall workforce. The company was provided the opportunity to employees working which job they like and encouraged to increase their responsibility, authorized the power of decision under the rules

that can be audited and pay all remuneration according to their ability plus from salary. The practice are as follows:

- *The Security of employees*
  - *Emergency Plan*

    The Company cooperates with the building owners to practice a fire escape and use the extinguisher annually and provide the primary responsibility staff in the case of an emergency.
  - *Accident Insurance*

    The Company had additional accident insurance for all employee coverage worldwide by 24 hour. In 2009, the Company had total insured amount of 183 million baht.
- *Staff Welfare*
  - *Individual's unique skills*

    To provide the opportunity to employee working which job they like and being skillful, when the company would like to recruit new staff for the vacant position, the Company provides the opportunity for existing staff to apply first before requires from outside. The applied staff has to pass the recruit selection process as well.
  - *Remuneration and Benefits*

    the Company has set up the good compensation scheme to employee by compared with the same industry every year. In addition of regular salary, the staff compensation is varied to its performance and target achievement by quarterly paid with more other benefits such as:

    - Employee Stock Option Program

    to motivate the employees in the long term to be as the ownership and reward the employee the good remuneration according to the company operating results. The Company allocated 5,000,000 rights of first ESOP to employee before listed in The Stock Option of Thailand in 2004 within 5 years period which employees exercised their right 3,174,100 units when finish the project.

    The Board of Director will ask for approval from Shareholders to issue new ESOP amount 10,000,000 units within 3 years exercise period in AGM no.1/2010.

    - Provided yearly free medical check-ups to promote good health.

    - The Company provided the provident funds for every employee since 2003, the Company paid 5% of salary to this project and employee must have worked more than 2 years to be eligible for this remuneration and will get all remuneration of the Company when they work over 5 years.

- *Training and development*

The Company puts an emphasis on employee training and development with orientation before start to work and every new employee is assigned with "Mentor". There are 2 staffs to work full time for training and development our employees. The Company sets up budget of in-house training in related work directly and invited guest speaker to give the knowledge to employee in other areas. Employees can reimburse all of English Program expenses of our recommended institute if they attend to the class in specified period and pass the program. The Company invested in e-learning that can help employee to manage their learning efficiently.

One of the major training of the Company in year 2009 was SiS Mini MBA Project operated by the Faculty of Commerce and Accountancy, Chulalongkorn University. There are 60 staffs from Department Head of sales and marketing to train on Saturday and Sunday during 11th July 2009 to 4th October 2009, total 123 hours and that was successful project to development in knowledge and good relationship of all trainees.

In addition to in-house training, the Company sent more than 60 staffs to external training over 20 times

- *Providing the efficiency tools to works*

The Company emphasized on providing environment to support employees work with the most effectively and provide the efficiency tool. As the IT product distributor, the Company provides personal computer for every employee. When they travel, the Company provided notebook computer with wireless LAN to help them stay connected with the company. Electronic work flow system is implemented to encourage employees to work via computer system both in office and outside including storage system that allow all employees to access relevant information from anywhere and made aciculate decision with supporting document.

- *Customers*

  The Company recognized that the Customers are patronage of the Company which the Company is committed to serve utmost customer satisfactions and desire all customers succeed in their business through the honesty business of the Company. The Company set up short-term and long-term guidelines to make satisfactions to customer with the following 4 guidelines

  - Provide accurate information and treat customers with fairness
  - Offer sufficient resource to customers
  - Provide service to customers as they were partners
  - Give good advice and benefits to customers

  The Company provided complaint channel for customers sent complaint or suggestion to the Managements directly via e-mail at complain@sisthai.com. The Company established complaint department to consider all complaint from customer and resolve that until finish.

- *Partners*

  The Company set up the Code of Business Ethic in purchase and procurement to work the appropriate business with the partners by honor, fairly and treat all partners equally on the win-win basis of both side. The payment for goods or services will be made according to agreement and recognized the importance of partners that are part of the success of the Company and provided the opportunity to partners who can complain directly to the Management or Independent Directors via group mail company's web site or call directly to Internal Audit Department if they got unfair operation from the Company.

- *Supplier*

  The Company operated business efficiently and has developed continuously such as connected the Company's computer system with the supplier's computer system to transfer of information between each other quickly and accurately, thus increasing the efficiency in the operations of both parties. The Company works simultaneously with suppliers: introducing products and technology to Users or Operators in Thailand use electronic payment system to reduce the process, cost and payment on the agreement. The Company is committed to mutual benefits, disclosure of information, as well as to strictly conform to rules and regulation.

- *Creditors*

  The Company complied with terms of agreement strictly and disclosed the operating results information to creditors continuously, repayment loans and financial cost of all types of creditors on schedule and not uses money in contrary way with objectives of the loan.

- *Social and Environmental*
  - Social

    The Company had repaid to social according to company's condition and focusing on education and environment. The Company set the budget for social work every year and disclosed all detail of the project under section of "Corporate Social Responsibility"
  - Environmental

    The Company recognized the importance of environmental preservation and set up the Company Policy to do business operation with environmentally responsible with the following guideline:

    ..1. Energy Saving

    The Company had convinced all employees to join in energy saving program e.g. power switch separation by working area, define responsible person to switch off during lunch time and after office hour or in case of no one in that working area including define responsible person for setup air conditioner into proper condition and switch of if not necessary.

    ..2. Paper Saving

    The Company has paper saving project such as:

    ..2.1. Electronic Workflow

    The Company had developed electronic workflow to replace form usage and approval over than 10 years. Right now, SIS have over than 100 workflows on daily process that increase working efficiency by reminding approver to make decision via email with completed verification process that result a lot of paper usage reduction. That SiS continues to develop more electronic workflow in order to replace normal process with paperless processes.

    ..2.2. Print and Pick

    In daily working day, the Company found that there are many abandon printing tasks then SIS had decided to change all printers to have hard disk to keep all jobs inside. That task owner just entry user password then get their job when need that caused 100% abandon printing tasks.

    ..2.3. Replace manual Fax with Fax Server

    In daily process, there is a lot of garbage that caused by printed out fax document that got from customers. At present, The Company had installed fax server that able to convert all fax document onto electronic document and send reminding to receivers to view their fax document via computer without printing. Result from this solution had increased working efficiency that owner no need to walk to facsimile machine and save a lot of paper in the same time as same as in case of fax out.

..2.4. Scan to email

In addition to sending fax via computer/ fax server without hard copy printing, SiS had installed scanner machine that able to scan document then send to receiver immediately via email. By this solution receiver no need to print document on paper that more environment friendly when compared with classic facsimile.

..3. Electronic Payment

In order to reduce traffic and have energy saving from bill placing job, SiS had provided electronic payment via internet by cooperates with 4 Banks and announce to customer to join this services. That all customers able to check unpaid invoices and choose invoice that due tom paid. This service has got popular from our customers more and more that able to reduce bill placing process, cheque collection and cheque deposit process. This activity is an environment friendly program due to it can reduce traffic, saving energy and reduce cheque usage.

The Annual General Meeting

For the Operating Results period 1st January 2009 to 31st December 2009, The Company will be held The Annual General Meeting's No.1/2010 on April 2nd, 2010. The Board of the Directors, Subcommittee Members, some of the Management and the external witness attend the meeting to provide explanations and answer questions about items on the agenda. The Chairman of the meeting should allot sufficient time to encourage shareholders to express their opinions and ask questions. Information about the items on the agenda of each meeting and the resolution will be recorded and disclosed to shareholders.

The Company will provied shareholders the opportunity to propose agenda items, questions and nominate qualify person for election as Directors of the Company in advance on company's web site name www.sisthai.com under section "Investor Relation" and sub section "Proposal of Agendas". The Shareholders can be found the guidelines of Agenda proposal items, questions, qualify person nomination as director and download proposal form and nomination form and invitation letter from www.sisthai.com

At the Annual General Meeting no.1/2010 that will be held on Friday, 2nd April 2010, The Company has introduced a bar code system to facilitate registration. Each participant also received voting card for each agenda. Chairman of the board informed the participants of the computerized voting procedure which transparently showed the process at the AGM. At each meeting, the shareholders who are unable to attend the meeting, they can be appointed other person, independent directors or company secretary to act as a proxy and vote on behalf of shareholders.

Leadership and Vision of the Boards

The Board of Director consists of various field experience person to provide leadership, vision and independent decision-making for the optimum benefits of the Company and shareholders. They perform the duty of establishing the corporate policy, vision, strategy, goal, mission, business plan and budget, as well as overseeing that the management of the Company is conducted according to the defined policies in compliance with the framework of laws, objectives, Company Regulations and shareholder resolutions.

The Board of Directors, by the Managing Director, will communicate strategy, objectives, situation, and earnings of the Company with Senior Management and all employees at the monthly meeting. At the monthly meeting, employees are informed of the company's next month direction.

The Board of Directors provides development plan and succession plan of the Managing Director and Senior Management in case they cannot perform their duties.

Definition of Independent Director

Independent Director is the Director who has independent decision and not relate with major shareholders, the Management and related person in the Company, Subsidiary Company and Related Company. Independent Director can conduct fair deals involving of all shareholders' interest as follow:

1. Holds not more than 1% of the total outstanding voting shares of the Company, Subsidiary Company, Associated Company, the Company's major shareholder or controlling person of the Company, including shares held by a person related to Independent Director
2. Is neither a director that has a management authority nor an employee, staff, advisor on retainer, controlling person of the company, the company's major shareholder, a subsidiary company, an associated company, a subsidiary of the same tier or any juristic person with a conflict of interest, both in the present and at least two years prior to taking the Independent Director.
3. No relationship by blood or legal registration, in a nature that makes the independent director a parent, spouse, brothers and sisters, children nor spouse of children of management, major shareholders, authority figures or nominees for management and authority figures of the company or a subsidiary.
4. Is not involved or have ever been in the business relationship with the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company with conflict of interests in a nature which may obstruct his independent judgment. Is not or have ever been significance shareholder or controlling person whose have related business with the company, the company's major shareholder, a subsidiary, an associated company or

controlling person of the company, unless having been out of the aforementioned position at least two years prior to taking the Independent Director

5. Is not involved or have ever been auditor of the company, the company's major shareholder, a subsidiary company, an associated company or controlling person of the Company. Is not significance shareholder, controlling person or managing partner of the Company's audit's firm that have auditor of the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company is staff, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.
6. Is not involved or have ever been professional service provider such as legal or financial advisor, whose service fee exceed 2 Million Baht per year from the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company. Is not significance shareholder, controlling person or partnership manager of above professional service firm, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.
7. Is not appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders of the Company.
8. Do not engage in the same state business or competitive business that significance with the company or is a partner in partnership, significance shareholder or director of other same state business or competitive business that significance with the Company.
9. No other impediments or impairments to express independent opinions concerning the operations of the Company.

Continuing training of Directors

The Company puts an emphasis on director training and development which is determined as a part of the Good Corporate Governance by consistently support and facilitate to director from the relevant regulator and other agencies through the Company Secretary.

- Director Training

The Company has 7 directors, 2 foreign Directors, and 5 Thai Directors. The 5 Thai Directors have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). The 7 Directors have financial experience for more than 10 years. In addition, the Audit Committee which consists of 3 Independent Directors has completed the Audit Committee Program from the Thai-IOD. In 2009, there are several courses that directors attended as follows:

Subject	Provided by	Director				
		Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Somchai Sittichaisrichart	Sombati Pungsrinont
How to specify the role and authority of Independent Director to perform and effectively of their duty	IOD	√	√	√		
Successful Formulation & Execution the Strategy	IOD			√	√	
DCP Refresher Course	IOD		√	√		
Role of Compensation Committee	IOD		√		√	
2009 Economic Situation : necessary to Downsize the organization or not	IOD	√		√	√	
Enterprise Risk Management	KPMG	√				√

- Orientation program for new Board Members

  New Directors will receive an orientation program. This Company Secretary is assigned by the Board of Directors to provide information such as minutes from the past several meetings. Company visit will be set up for the new directors to understand the industry and the Company's operation including the strategy from Managing Director and Executive Director. In 2009, The Company had no new Director.

Conflict of interest

The Directors' structure is independent from the operation. With three out of seven are independent directors (42.9%), two out of seven are proxy of major shareholders (28.6%) and two executive directors (28.6%) help promote the Company's independent operating procedures and carefully check any articles that may occur conflicts of interest. In addition, the Board should be alert to and resolves potential internal information disclosure as follows:

- The Boards should recognize and examine any articles that may concern conflicts of interest and Articles of Association, including any transaction, and report in the Annual Report as well as in 56-1
- At certain meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences for independent discussion.
- The Management members are responsible for reporting ownership of securities on every acquisition, disposal and transfer of securities to the Office of the Securities and Exchange Commission. All employees are prohibited to disclose all inside information to outside person or not related person or sharing of inside information among employees shall be within the scope of assigned duties and responsibilities. In addition, since the company

always discloses all the information concerning to its operation to the employees, thus, all employees are prohibited to acquire, dispose, and transfer securities of the Company at the end of each quarter till the company submitted its operating result to the SET.

Business Code of Conduct

The Company is committed to maintain high ethical standards on business operation with transparency, honesty and fairness by providing the Managements and Department Head operating as an example. The Company has formulated a Business Code of Conduct to guide all of employees as they perform their duties. The Company collected all the practiced codes and issued a Business Code of Conduct handout for every employee. This will also be one of the subjects for orientation new staff and will be clarified at the staff annual meeting every year. Employees will be supervised by their supervisor to ensure they follow the code. Punishment is for those who do not conform to the code.

Balancing of Non-Executive Director and Management Control

Board of Directors

There are 7 Directors and Independent Directors shall be in the amount of at least one third (1/3) of total number of Directors according to the SET's CG principals. The Board of Directors should consist of:

Type of Director	No. of Director	Percentage
Independent Director	3	42.9%
Non-Executive Director	2	28.6%
Executive Director	2	28.6%

The Company set the policy that the Independent Directors shall not be directors of other listed companies more than 5 companies as advised by the SET .

The Audit Committee

The Audit Committee is comprised of 3 Independent Directors.

The Remuneration and Nomination Committee

Remuneration and Nomination Committee is comprised of 4 Directors and the Independent Director as Chairman of Remuneration and Nomination Committee. The followings are the members of Remuneration and Nomination Committee.

Type of Director	No. of Director	Percentage
Independent Director	2	50%
Non-Executive Director	1	25%
Executive Director	1	25%

Role and Responsibilities of the Remuneration and Nomination Committee

Remuneration and Nomination Committee has duties to recommendation the Board of Directors' overall responsibility relating to Directors and Managements Compensation and succession plan. In further of this purpose, the committee shall have the following authority and responsibilities.

1. To review, set up and recommendation on an annual basis the corporate goals and objectives with respect to compensation for the directors, i.e. the chief executive officer and managing director. The committee shall evaluate at least once a year the chief executive officer's performance in light of these established goals and objectives and based upon these evaluations shall set the directors and the chief executive officer and managing director's annual compensation, including retainer fee, attendant fee and incentive fee.
2. To review the company's stock-based plans and recommend changes in such plans to the board as needed.
3. To provide the principles and criteria for recruiting, evaluating, selecting, promoting and terminating, and nominating directors, chief executive officers and managing director regarding the conditions of position replacement, empty positions, and successive plan in the company and/or also the subsidiary companies and/or the joint venture companies.
4. To precede the process of recruitment, evaluation, selection, promotion, termination, and nomination of the appropriate persons who have the ability and qualification consistent with the nomination criteria for the positions of the directors, the chief executive officers, and the managing director regarding the conditions of position replacement, empty positions, and successive plan in the company and/or also the subsidiary companies and/or the joint venture companies. The nominated list will be proposed by the Remuneration & Nomination Committee to the Board of Directors for approval and/or for the Board of Directors' provision at the Annual General Meeting (AGM).
5. To prepare and publish an annual executive compensation and nomination report in the Company's proxy statement. The committee chair shall take responsibility to prepare the Remuneration and Nomination Committee report for reporting to the Board of Director and disclosing in annual report.

Separations of Chairman and Managing Director

Chairman of the Board and Managing Director are separated to several people in order to have balancing of power so that they can recheck on each other and no one would be granted unlimited power. Chairman of the Board leads the Policy and control of the meeting efficiently, encourage all Board Members to participate in the meeting control business operation to align with the Policy. The Managing Director leads the management team. He is responsible for overall responsibility in developing and implementing business strategies, budget and operation plan closely.

The company's Chairman of the Board must be Independent Director.

The Board Meetings

The Board of Directors meetings are regular scheduled every quarter in which Independent Directors, Non-Executive Directors and Executive Directors attend. Sub-committee meeting in which Audit Committee and Remuneration Committee attend is also scheduled. In 2009, there were 5 Board of Directors meetings, 12 Audit Committee meetings, and 4 Remuneration Committee meetings. Every meeting provides clear agenda for information and consideration. The agenda of the meeting and the Board papers will be prepared and sent to the Board before the meeting date to ensure that Board Members have enough time to understand and deliberate on the matters indicated. At certain meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences. Senior Management will be invited to attend Board Meetings as needed. Additional detailed information may be needed from them where they directly involved with certain matters. Attendance at Board meetings are as follows:

Name	No of attendance Board of Directors Meeting	No of attendance Audit Committee Meeting	No of attendance The Remuneration and Nomination Meeting	No of attendance The Annual General Meeting No.1/2008	Total
1. Mr.Suwit Chindasangaun	5/5	12/12	-	1/1	18/18
2. Mr.Somchai Sirivichayakul	5/5	12/12	4/4	1/1	22/22
3. Dr.Rojanasak Chomvilailuk	5/5	12/12	4/4	1/1	22/22
4. Mr.Somchai Sittichaisrichart	5/5	3/3	4/4	1/1	13/13
5. Mr.Sombati Pungsrinont	5/5	2/2	-	1/1	8/8
6. Mr.Lim Hwee Hai	5/5	-	4/4	1/1	10/10
7. Mr.Lim Kia Hong	4/5	-	-	1/1	5/6

Remark:
- Information represents in format of X/Y, X is the numbers of attendance and Y shows the number of meeting.
- The Audit Committee invited Managing Director (Mr.Somchai Sittichaisrichart) to participate the Audit Committee Meeting 3 times for explanation more details of operation after meeting independently without the Managements.
- The Audit Committee invited Managing Director (Mr.Sombati Pungsrinont) to participate the Audit Committee Meeting 3 times for explanation more details of operation after meeting independently without the Managements.
- Mr.Lim Hwee Hai participated the meeting no. 3/2009 via long distance phone.

Self-assessment of Board

The annual self-assessment of the Board is performed to revise performance and operation and to improve and amend their work for better result. The company comply the SET's guidelines for assessment.

For the Managing Director and Executive Director will be separately evaluated by The Remuneration and Nomination Committee in two criteria for the assessment: Financial Operation's Results and Strategic Goals (60%) must be consistent with the industry and operation & corporate governance (40%) compared with the industry. The result will be determined the Managing Director and Executive Directors' remuneration.

Internal Auditing and Controls

Audit committee provide and set up good internal auditing and control system for the company complied with the law and regulation, which consists of management control, financial control, control to use assets in appropriate of the Company activities. The committee also reviews the adequacy of information disclosure. The Audit Committee, in cooperation with the Internal Audit Department, sets up internal auditing covering 8 areas: 1) Sales, 2) Account Receivable and Crediting, 3) Inventory 4) Procurement and Import 5) Trade Account Payable/Expense 6) Maintenance and Services 7) Fixed Asset 8) Finance and Accounting. The Audit Committee will review with the Internal Systems Audit Department every month and the Committee agree that SIS Distribution (Thailand) has sufficiency and appropriate in control system.

Corporate Governance Participation

The Company is developing and improving participation system for the shareholders; all stakeholders of the company are encouraged to take part in Corporate Governance, transparent disclosure of information. Customers can post suggestion and complaints through complain@sisthai.com and investors through email investorinfo@sisthai.com . The Company provides working team to consider every complaints and suggestion with the effective recording system in order to follow up.

Internal and Inside Information Control

Directors, senior management, and every employee are prohibited to use financial statement and operation information, which has not yet been disclosed to the public, as information for sell, purchase, transfer or take the assignment of securities of the Company or for their own benefits. The Company informed the Directors, the Managements as well as spouses and children of immaturity and related person under section 258 of the Securities and Exchange Act B.E.2535. Directors or Executives of the Company acquire or dispose of shares or other securities (if any) of the Company, they have to report on such acquire or dispose to the SEC and the SET within three days under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E.2535. In addition, the activity above must always be reported in the Annual Report of the Company. This will be informed to all employees in every quarter.

Board's Reports

The Board of Directors has appointed the Audit Committee. The Audit Committee consists of 3 Independent Directors who are responsible in the quality of financial report and internal control systems. The Board of Directors has appointed the Remuneration and Nomination Committee. The Remuneration and Nomination Committee consists 2 Independent Directors, a Non-Executive Director and a Director who as executive. The Independent Director is the Chairman of the Remuneration and Nomination Committee, reviewing compensation arrangements for all Directors. The opinion of the Audit Committee and the Remuneration and Nomination Committee about the related activities is reported in reports of the Audit Committee and the Remuneration and Nomination Committee presented in this annual report.

Relationship with Investors

The Board sees the importance of the accuracy and reliability of quarterly and annual financial statements as well as transparency and punctuality of information disclosure and provides section of "Investor Relations" in company web site name www.sisthai.com to communicate with the interested investors in particular. In addition, any suggestion or inquiry can be sent through via email or by telephone. The Company provides the opportunity to visit the company and inquiry of company's operation from individual investors, institution investors, analysts, and the press when they are requested. In 2009, direct and indirect communication can be summarized as follows:

- Emails and Telephone	11 times
- Interviewed on earnings with the press	8 times
- Analyst meeting	2 times
- Company visit by institution investor	3 times
- Company visit by individual investor	1 time
- Opportunity Day	1 time

Role of the Company Secretary

The Board appointed Mr. Vorrapop Taksaphan to be the Company Secretary apart from being the Secretary to the Board and the qualification disclose in section of Management and Company Secretary. His roles as the Company Secretary are as follows:

The Company Secretary: To treat all activities according to the Regulation of the Office of the Securities and Exchange Commission.

The Secretary to the Company's Board: To co-ordinate with the Board for the Board meeting and the AGM preparation by directly coordinating with the Managing Director for agenda and letter of invitation, as well as with all directors for the Board papers, and completing the minutes for each board of directors and shareholder meetings. All the documentation pertaining to each Board meeting must always be available to all board members, shareholders and other concerned parties

Follow the meeting resolution concerning the company's registry change: In case directors of shareholders come to the resolution of the company's registry change, the Secretary to the company must follow the meeting's resolution.

Advice to the Board: This applies to the SEC and the SET's rules and regulations, including report information to the SEC and the SET within certain period as stated in principles.

Provide Annual Report: To coordinate with related departments in the Company to complete information for the Annual Report in accordance with the SEC and the SET's principles.

Provide securities depository services for subsidiaries: To provide securities depository services for subsidiaries and notify the Department of Business Development, the Ministry of Commerce.

Coordinate with Investor Relations Department and review the disclosure of information as acknowledged by the SET.

Succession Plan

The Boards assigns the Remuneration and Nomination Committee to be responsible for the Succession Plan. R&NC assigns the Managing director to set up the succession plan for replacement of key functions by specified their knowledge and capability which is on the process. After that, the Company will select from the existing employees by knowledge and capability assessment of key functions to realize in which qualification they lack off. Then, the Company will provide the training course more or rotate to other function to fulfill their experience. R&NC is considered the progressive of succession plans in the meeting of the Remuneration and Nomination Committee.

Related Transactions

The details of the Company's related transactions which could involve conflicts of interests in 2009 are laid out belows:

Related Company	Relationship	Amount (Baht)	Type of transaction and the Audit Committee's Opinion
SiS Technologies Pte Ltd.	Under the same control of the ultimate parent company	1,911,088	Sale of SanDisk and HTC that the Company is a distributor, all payments made in full The Audit Committee's Opinion The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses.
SiS International Holdings Limited	Ultimate parent of the group	8,632,843	Fee for managing payments in accordance with an agreement for assistance with negotiating with manufacturers to appoint SiS (Thailand) as sales agent for various goods and for negotiating for facilities with banks, the joint use of manpower, as well as administration from centers. The Audit Committee's Opinion The Audit Committee has decided that this transaction was in accordance with the agreed contract. The Audit Committee has noted that the rate was same as the prior year which was lower than the rate requested from companies from other company networks. The Audit Committee thus deemed this rate to be appropriate.
SiS Venture Co.,Ltd.	Subsidiary Company	8,000,000	Short term loan as working capital by interest rate bearing at 1% a year which is referred to interest rate from financial institutes. The Audit Committee's Opinion The Audit Committee has decided that this transaction was in accordance with business assistance policies. Its return is referred to interest rate from financial institutes.

Remark

In 2002, the company paid a management fee at a rate of 0.25% of total sales

In 2003, the company paid a management fee at a rate of 0.125% of total sales.

From 2004, the company paid a management fee at a rate of 0.0625% of total sales

Corporate Social Responsibilities

The company realizes the responsibility for the social and community by emphasizing on the education and environment. In 2009, the company with the corporation of the employees engaged to 5 main activities which were blood donation, computers donation to Chiangmai University, practicing program for the college students, visiting program of Mahidol University's students and Young OHM Young OHM Awards '09 program.

Blood Donation

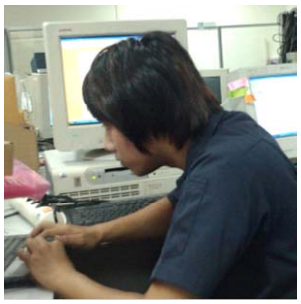
Since the company heard the news that one of the suppliers' employees was sick with the high demand of blood replacement and also the hospital had insufficient blood to support the patient, the company decided to inform our employees to help this patient and got the favorable responses from our 80 employees donating the blood via the department of preventive medicine, blood bank, Faculty of medicine, Siriraj, on the October 8, 2009 with the appreciated offering of the department of preventive medicine to collect the blood at the company.

Computers Donation to Chiangmai University

The company had conducted the E-Learning Program with Chiangmai University. This program supported the development of E-Learning skill of college students by using the student work, which were the electronic media demonstrating application of the products, helps the customers learn the application by themselves through the company website. Along with the 11.7 million Bath of computers donation to the college of Art, Media and Technology, Chiangmai University for the training and developing the electronic program on October 28, 2009.

Training Place for the Academic Institution

The company had the apprenticing program for college students to gain more knowledge and real work experiences. In 2009, the company accepted the 3rd year engineering students for practicing during the April 1 – May 29, 2009



Visiting program of group of Mahidol University's students

The company welcomed the group of Mahidol University's students on 21 May, 2009 to learn the computers system, emphasizing on VMware system which is the virtualization system that will divide a huge physical system into multiple virtual systems and makes its more efficiently in running .

Young OHM Awards '09 Project "Fulfill the new generation to the outdoor media"

This was the Outdoor Media Competition for the college students, collaborating with OHM monthly Magazine to encourage the 3rd year and 4th year student from the similar departments of faculty of communication of 13 institutions. This outdoor media competition activity offered the scholarships and the visit to the media organizations such as radio stations, TV stations and Outdoor Media businesses. The company has been proceeded this program with the collaboration of OHM magazine during the past 4 years. Engaged students would be able to learn the real work of outdoor media and to practice the creative advertisement every step. In 2009, the top 5 student teams which were

1) Assumption University
2) Sripatum University
3) Suan Sunandha Rajabhat University
4) Kasetsart University
5) King Mongkut's Institute of Technology Ladkrabang

Report from the Audit Committee

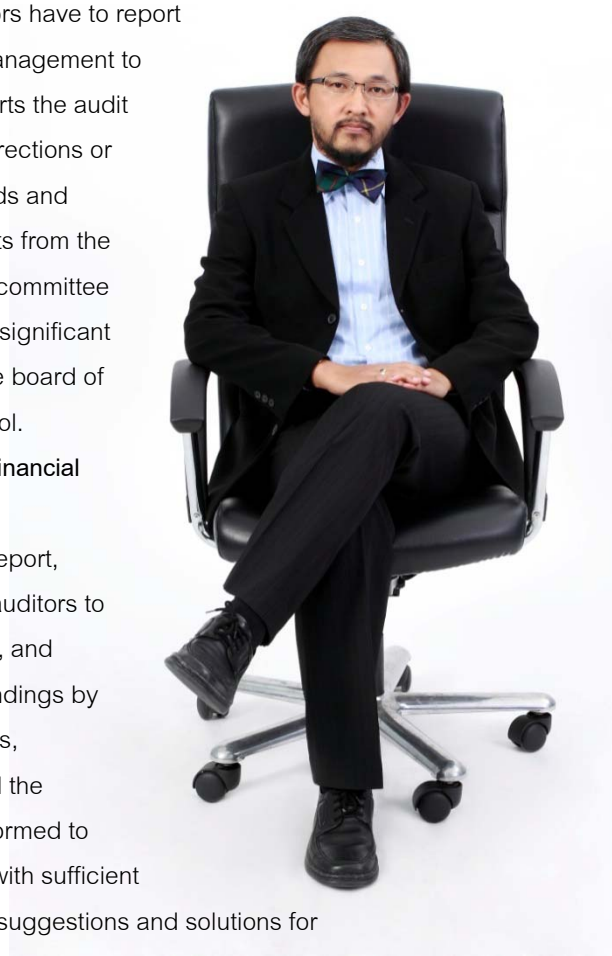
Dear Shareholders

The Audit Committee of SiS Distribution (Thailand) Plc. has been qualified as the SEC's rules and is independent. Not only are the audit committees the independent directors, but also they are not holding any company's shares. The committee is composed of three members; Dr.Rojanasak Chomvilailuk (Chairman), Mr.Suwit Chindasanguan and Mr.Somchai Sirivichayakul, for whom the Board of Directors appointed since February 4th, 2004. The appointed duty of the Audit Committee is 3 year period in one round. The Audit Committee had regularly organized 12 monthly meetings in 2009 and all members attend all the times. The Audit Committees' practices are accorded with the audit committee's charter and other responsibilities assigned by the Board independently.

. Particularly, the audit committee had given advices on various issues to the management focusing on monitoring of the internal auditing and controlling works, reviewing and monitoring the year-end and quarterly financial reports 2009, reviewing the risk management, and assessing the corporate' s good governance, for which the details of these activities are displayed as follows:

1) Monitoring the sufficiency of internal audit and control, and auditing the internal system

The audit committee provided the specific policy and direction to the internal audit department to construct the internal audit plan for reviewing and inspecting the internal control system, and risk management of each operating units, which internal auditors have to report in monthly practice directly and independently from the management to the audit committee. After reviewing the internal audit reports the audit committee made the recommendations of the resolution directions or opinions to the management or relevant business unit heads and asked the internal auditors to evaluate the correcting results from the auditing reports. With respect to these activities, the audit committee had the particular opinion that the auditing plans covering significant management and operation aspects, and concluded to the board of directors that the company had the sufficient internal control.



2) Reviewing and monitoring the year-end and quarterly financial reports 2009

The audit committee had reviewed the quarterly financial report, and audited financial report 2009, by inviting the external auditors to participate as a regular quarterly basis to present, discuss, and answer some specific questionable issues including the findings by the external auditor to improve the company's effectiveness, efficiency, and risk management. The audit committee had the opinion that the financial reports are presented fairly, conformed to generally accepted accounting principles, and disclosed with sufficient information in financial statements and remarks, including suggestions and solutions for

maximum advantages and efficiency.

3) Reviewing and providing opinions on related transactions or conflict of interest transactions

In 2009, management had proposed the principles of related transaction deals and asked the approval of the Board of Directors. The audit committee reviewed, considered and provided opinions for which there is disclosure of the principles of the related transaction deals in the Annual report.

4) Reviewing and monitoring the practices consistent with the SEC's regulation and Security Act

In 2009, the audit committee set up the specific and relevant policy with respect to the company's compliance with the relevant regulation and act. Moreover, the audit committee reviewed, monitored and found that the company has complied with the regulations and the Security Act appropriately.

5) Reviewing corporate governance

The audit committee had reviewed the business/corporate practices considering the transparent and sufficient information disclosure to comply with the regulation and rules of the Security Exchange of Thailand and Security and Exchange Commission. In addition, the audit committee had particularly focused on the related transactions as normal practices. Particularly in 2009, the company was evaluated as the excellent-performance listed company in terms of corporate governance practices. The audit committee still has practiced to support and enhance the compliance and good governance practices of the company continuously.

6) Reviewing, selecting, and proposing the company's external auditors

The audit committee reviewed, selected and proposed the company's external auditors including the consideration of the auditing fee based on the basis of sufficient knowledge, experience, independence, and appropriateness which the audit committee agreed upon and had proposed to the board to appoint Miss Somboon Supasiripinyo CPA 3731 or Miss Vannaporn Jongperadechanon CPA 4098 or Mr. Vichien Thamtrakul CPA 3183 or Miss Sureerat Thongarunsang CPA 4409 of KPMG Phoomchai Audit Company Limited to be the external auditors for the year 2009 with the fee at 1,085,000 baht and to be awaited the approval from AGM.

7) Conducting self assessment

The audit committee had conducted self assessment with results of satisfaction by considering with audit committee's charter and benchmarking the accepted standards of good practices for the improvement of effectiveness of the audit committee. In addition, the audit committee has developed their knowledge and experience by attending various and valuable training courses.

In 2009, the audit committee particularly assigned the internal audit department to provide the update monthly reports of account receivable, inventory management, and financial risk management for the committee to review and monitor on regular basis. These reports assisted the committee to monitor the financial strength of the company managed by the management under the policy of the minimizing working capital risk and financial costs. In 2010, the Audit Committee would continuously pursue the plans of reviewing, monitoring, and providing the specific resolution opinions and recommendation to the management for improving the effectiveness and efficiency, and risk reduction of the company.

Last but not least, the Audit Committee would ask all stakeholders to trust the company's good governance, transparent and sufficient information disclosure, and standard financial reports and business management practices under the company's code of conduct for achieving the shareholders' and collaborators' wealth 2553

(Rojanasak Chomvilailuk, PhD)
Chairman of the Audit Committee
SiS Distribution (Thailand) Public Company Limited
February 26, 2010

Responsibility Report of the Board of Director for Financial Report

Dear Shareholders

The Board of Directors is responsible for financial statements of SiS Distribution (Thailand) Public Company Limited including the financial information presented in this annual report. The financial statements are prepared in accordance with generally accepted accounting principles, use appropriation accounting policy, on consistent basis, using careful judgment, best estimation, reasonableness, and carefulness in financial statements. Important information is adequately and transparently disclosed in the note in financial statements. The Board of Directors has provided a risk management system, sufficiency internal controls and complied with related law and regulations.

The Board of Directors appointed Audit Committee who are Independent Director and not join in regular management. The Audit Committee reviewed accounting policy, quality of financial reports, internal controls. Comments on these issues have been appeared in the Audit Committee report which is presented in the Annual Report.

The Board of Director's opinion on the financial report and financial statements for 2009 of SiS Distribution (Thailand) Public Company Limited are correction, completion, belief and according to generally accepted accounting principles and related regulations.

Mr.Suwit Chindasanguan
Chairman

Mr.Somchai Sittichaisrichart
Managing Director

Auditors' Report

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Empire Tower, 50th-51st Floors
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Audit Report of Certified Public Accountant

To the shareholders of SiS Distribution (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheet as at 31 December 2009 and the related consolidated statements of income, changes in equity and cash flows for the year ended 31 December 2009 of SiS Distribution (Thailand) Public Company Limited and its subsidiary. I have also audited the separate balance sheets as at 31 December 2009 and 2008, the related statements of income, changes in equity, and cash flows for the years ended 31 December 2009 and 2008 of SiS Distribution (Thailand) Public Company Limited. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009, and the results of its operations and cash flows for the year ended 31 December 2009 of SiS Distribution (Thailand) Public Company Limited and its subsidiary and the separate financial statements as at 31 December 2009 and 2008, and the results of its operations and cash flows for the years ended 31 December 2009 and 2008 of SiS Distribution (Thailand) Public Company Limited in accordance with generally accepted accounting principles.

(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
9 February 2010

#

Balance Sheets

As at 31 December 2009 and 2008

		Consolidated financial statements	Separate financial statements	
Assets	*Note*	2009	2009	2008
			(in Baht)	
Current assets				
Cash and cash equivalents	*5*	53,660,574	52,966,935	83,414,641
Trade accounts receivable	*4,6*	1,823,701,785	1,823,701,785	1,163,417,640
Current portion of finance lease receivables	*7*	1,625,969	1,625,969	4,211,455
Inventories	*8*	919,280,377	919,280,377	788,905,822
Other current assets	*9*	69,950,671	69,950,568	47,074,931
Total current assets		**2,868,219,376**	**2,867,525,634**	**2,087,024,489**
Non-current assets				
Investments in subsidiary	*10*	-	59,999,970	-
Other long-term investment	*11*	51,030,000	-	-
Finance lease receivables	*7*	-	-	1,576,871
Equipment	*12*	35,699,689	35,699,689	27,987,471
Intangible assets	*13*	9,007,834	9,007,834	9,111,559
Others non-current assets		19,307,411	19,307,411	17,491,714
Total non-current assets		**115,044,934**	**124,014,904**	**56,167,615**
Total assets		**2,983,264,310**	**2,991,540,538**	**2,143,192,104**

Balance Sheets

As at 31 December 2009 and 2008

		Consolidated financial statements	Separate financial statements	
Liabilities and equity	*Note*	2009	2009	2008
			(in Baht)	
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	*14*	907,331,718	907,331,718	490,048,518
Trade accounts payable	*15*	905,219,301	905,219,301	615,082,245
Short-term loan from related party	*4*	-	8,000,000	-
Current portion of fianace lease liabilities	*14*	680,844	680,844	680,844
Other accounts payable		57,600,549	57,600,549	33,162,765
Income tax payable		31,341,767	31,341,767	36,509,166
Accrued expenses	*4*	70,965,313	70,875,313	128,675,248
Other current liabilities		9,096,367	9,096,038	8,049,769
Total current liabilities		**1,982,235,859**	**1,990,145,530**	**1,312,208,555**
Non-current liabilities				
Finance lease liabilities	*14*	1,734,382	1,734,382	2,306,069
Total non-current liabillties		**1,734,382**	**1,734,382**	**2,306,069**
Total liabilities		**1,983,970,241**	**1,991,879,912**	**1,314,514,624**
Equity				
Share capital	*16*			
Authorised share capital		205,000,000	205,000,000	205,000,000
Issued and paid-up share capital		203,174,100	203,174,100	203,174,100
Share premium	*18*	133,104,698	133,104,698	133,104,698
Retained earnings				
Appropriated				
Legal reserve	*18*	20,500,000	20,500,000	20,500,000
Unappropriated		642,515,271	642,881,828	471,898,682
Total equity		**999,294,069**	**999,660,626**	**828,677,480**
Total liabilities and equity		**2,983,264,310**	**2,991,540,538**	**2,143,192,104**

Statements of income

For the years ended 31 December 2009 and 2008

		Consolidated financial statements	Separate financial statements	
	Note	2009	2009	2008
			(in Baht)	
Revenues				
Revenue from sale of goods	*4*	13,792,565,787	13,792,565,787	11,895,404,071
Revenue from rendering of services		81,385,901	81,385,901	103,105,674
Other income	*20*	75,567,952	75,557,690	88,788,934
Total revenues		**13,949,519,640**	**13,949,509,378**	**12,087,298,679**
Expenses				
Cost of sale of goods	*4*	13,059,744,907	13,059,744,907	11,110,749,890
Cost of rendering of services		64,947,233	64,947,234	76,197,008
Selling expenses	*21*	97,990,844	97,990,844	196,844,728
Administrative expenses	*22*	312,816,424	312,439,604	328,804,932
Management benefit expenses	*4, 23*	49,238,107	49,238,107	34,629,543
Total expenses		**13,584,737,515**	**13,584,360,696**	**11,747,226,101**
Profit before finance costs and income tax expense		**364,782,125**	**365,148,682**	**340,072,578**
Finance costs	*24*	30,946,018	30,946,018	37,925,696
Profit before income tax expense		**333,836,107**	**334,202,664**	**302,146,882**
Income tax expense	*25*	92,108,583	92,108,583	95,527,455
Profit for the year		**241,727,524**	**242,094,081**	**206,619,427**
Basic earnings per share	*26*	**1.19**	**1.19**	**1.02**

Statements of change in equity

For the year ended 31 December 2009

		Consolidated financial statements				
			Additional paid-in capital	Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
				(in Baht)		
Balance at 1 January 2009		**203,174,100**	**133,104,698**	**20,500,000**	**471,898,682**	**828,677,480**
Profit for the year		-	-	-	241,727,524	241,727,524
Dividends	*27*	-	-	-	(71,110,935)	(71,110,935)
Balance at 31 December 2009		**203,174,100**	**133,104,698**	**20,500,000**	**642,515,271**	**999,294,069**

Statements of change in equity

For the years ended 31 December 2009 and 2008

		Separate financial statements				
			Additional paid-in capital	Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity attributable to equity holders of the Company
				(in Baht)		
Balance at 1 January 2008		**201,481,300**	**129,225,170**	**20,500,000**	**315,693,030**	**666,899,500**
Profit for the year		-	-	-	206,619,427	206,619,427
Dividends	*27*	-	-	-	(50,413,775)	(50,413,775)
Issue of ordinary shares	*16*	1,692,800	-	-	-	1,692,800
Share premium	*16, 18*	-	3,879,528	-	-	3,879,528
Balance at 31 December 2008		**203,174,100**	**133,104,698**	**20,500,000**	**471,898,682**	**828,677,480**
Balance at 1 January 2009		**203,174,100**	**133,104,698**	**20,500,000**	**471,898,682**	**828,677,480**
Profit for the year	*26*	-	-	-	242,094,081	242,094,081
Dividends	*27*	-	-	-	(71,110,935)	(71,110,935)
Balance at 31 December 2009		**203,174,100**	**133,104,698**	**20,500,000**	**642,881,828**	**999,660,626**

Statements of cash flows

For the years ended 31 December 2009 and 2008

		Consolidated financial statements	Separate financial statements	
	Note	2009	2009	2008
			(in Baht)	
Cash flows from operating activities				
Profit for the year		241,727,524	242,094,081	206,619,427
Adjustments for				
Depreciation and amortisation		14,713,613	14,713,613	14,819,855
Interest income		(9,963,776)	(9,953,514)	(6,452,626)
Finance costs		27,489,010	27,489,010	34,893,538
Unrealised loss on exchange		1,326,587	1,326,587	804,823
Loss on disposal of equipment		4,250	4,250	29,602
Doubtful debts expense		2,744,619	2,744,619	43,676,040
Allowance for obsolete and defective stocks		6,103,803	6,103,803	1,804,045
Income tax expense		92,108,583	92,108,583	95,527,455
		376,254,213	376,631,032	391,722,159
Changes in operating assets and liabilities				
Trade accounts receivable		(663,028,763)	(663,028,763)	(137,147,021)
Inventories		(136,478,358)	(136,478,358)	(224,667,449)
Other current assets		(22,875,741)	(22,875,637)	(27,257,478)
Finance lease receivables		4,162,357	4,162,357	10,635,578
Other non-current assets		(1,815,696)	(1,815,696)	(8,248,985)
Trade accounts payable		288,810,468	288,810,468	115,097,027
Other accounts payable		24,437,783	24,437,783	9,891,568
Accrued expenses		(58,442,055)	(58,532,055)	73,562,268
Other current liabilities		1,046,599	1,046,269	(2,229,991)
Income tax paid		(97,275,982)	(97,275,982)	(84,487,748)
Net cash provided by (used in) operating activities		**(285,205,175)**	**(284,918,582)**	**116,869,928**

Statements of cash flows

For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements 2009	Separate financial statements 2009	Separate financial statements 2008
			(in Baht)	
Cash flows from investing activities				
Interest received		9,963,776	9,953,514	6,458,841
Bank deposits under commitment		-	-	1,304,000
Net cash outflow on acquisition of subsidiary		-	(59,999,970)	-
Net cash outflow on acquisition of other long-term investment		(51,030,000.00)	-	-
Purchase of equipment		(21,961,685)	(21,961,685)	(18,091,073)
Proceeds from sale of equipment		85,096	85,096	1,002,198
Purchase of intangible assets		(449,769)	(449,769)	-
Net cash used in investing activities		**(63,392,582)**	**(72,372,814)**	**(9,326,034)**
Cash flows from financing activities				
Interest paid		(26,756,890)	(26,756,890)	(35,628,372)
Net proceeds from borrowings		417,283,201	425,283,201	(3,285,505)
Proceeds from issue of ordinary shares		-	-	5,031,810
Factoring payables		-	-	(2,287,596)
Finance lease payments		(571,686)	(571,686)	1,588,058
Dividends paid to equity holders of the Company		(71,110,935)	(71,110,935)	(50,413,775)
Net cash provided by (used in) financing activities		**318,843,690**	**326,843,690**	**(84,995,380)**
Net increase(decrease) in cash and cash equivalents		**(29,754,067)**	**(30,447,706)**	**22,548,514**
Cash and cash equivalents at beginning of year	*5*	83,414,641	83,414,641	60,866,127
Cash and cash equivalents at end of year	*5*	**53,660,574**	**52,966,935**	**83,414,641**

Notes to the financial statements

For the years ended 31 December 2009 and 2008

Note	Contents
1	General information
2	Basis of preparation of financial statements
3	Significant accounting policies
4	Related party transactions and balances
5	Cash and cash equivalents
6	Trade accounts receivable
7	Finance lease receivables
8	Inventories
9	Other current assets
10	Investment subsidiary
11	Long-term investment in other party
12	Equipment
13	Intangible assets
14	Interest-bearing liabilities
15	Trade accounts payable
16	Share capital
17	Warrants
18	Additional paid-in capital and reserves
19	Segment information
20	Other income
21	Selling expenses
22	Administrative expenses
23	Employee benefit expenses
24	Finance costs
25	Income tax expense
26	Earnings per share
27	Dividends
28	Financial instruments
29	Commitments with non-related parties
30	Thai Accounting Standards (TAS) not yet adopted
31	Reclassification of accounts

Notes to financial statements

For the years ended 31 December 2009 and 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 February 2010.

1 General information

SiS Distribution (Thailand) Public Company Limited ("the Company") is incorporated in Thailand and has its registered office at 65 Ground and 4th Floor, Chamnan Phenjati Business Center, Rama9 Road, Huaykwang, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 June 2004.

The Company's major shareholders during the financial year were SIS Technologies (Thailand) Pte. Ltd. (49.10% shareholding), Sittichaisrichart Family (14.79% shareholding) and Pungsrinont Family (8.96% shareholding)

The principal businesses of the Company are trading in computer component, office automation equipment, service and rental of computers and accessories and trading in video compact disks ("VCD"). Details of the Company's subsidiary as at 31 December 2009 and 2008 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Direct subsidiary				
SiS Venture Co., Ltd.	Holding investment	Thailand	99.99	-

2 Basis of preparation of financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) *Impairment of Assets*
TFRS 5 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*
Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Notes to financial statement

For the years ended 31 December 2009 and 2008

Accounting Guidance about Leasehold Right (effective on 26 June 2009)
The adoption of these new and revised TAS/TFRS and accounting guidance does not have any material impact on the Company's financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 30.

The financial statements are presented in Thai Baht, unless otherwise stated . They are prepared on the historical cost basis except as stated in the accounting policies.

In June 2009, the Company initially invested in a subsidiary. Therefore, the consolidated financial statements for the year 2009 were reported for the first year.

The preparation of financial statements in conformity with TAS/TFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group")

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai baht at the foreign exchange rates ruling at that date. Foreign exchange difference arising on transactions is recognized in the statement of income.

Notes to financial statement

For the years ended 31 December 2009 and 2008

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) Hedge and future foreign currency transactions

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognized asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activity for the purpose of the statement of cash flows.

(f) Trade receivables, other receivables and amount due from related company

Trade and other accounts receivable (including balances with related parties) are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts on doubtful receivables is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on management's assessment of loss which may arise from the outstanding accounts receivable. Such assessment is provided by considering the accounts receivable outstanding over 3 months, for which allowance for doubtful accounts is set at the rate of 100%, together with the analysis of payment histories, future expectations of customer payment and the local economic conditions. Bad debts are written off when incurred.

Notes to financial statement

For the years ended 31 December 2009 and 2008

(g) Inventories

Finished goods

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Company sets an allowance for the decline in value of obsolete and defective stock by reviewing the aging of inventory as follows:

Inventory less than 120 days	no allowance
Inventory less than 121 - 180 days	set allowance at 20%
Inventory less than 181 - 240 days	set allowance at 40%
Inventory less than 241 - 300 days	set allowance at 60%
Inventory less than 301 - 360 days	set allowance at 80%
Without sales over 360 days	set allowance at 100%

(h) Investment

Investment in subsidiary in the separate financial statements of the Company is accounted for using the cost method.
Equity securities which are not marketable are stated at cost less any impairment losses.

(i) Equipment

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Vehicles	5	years
Furniture & fixtures	5	years
Computer & office equipment	3-5	years
Leasehold improvements	3-10	years

Notes to financial statement

For the years ended 31 December 2009 and 2008

(j) Intangible assets

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of income in a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Software licenses	5 - 10	years

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs

Reversals of impairment

An impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(m) Trade accounts payable, other accounts payable and amount due to related company

Trade and other accounts payable including balances with related parties are stated at cost.

Notes to financial statement

For the years ended 31 December 2009 and 2008

(n) Revenue

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue from the sale of goods is recognized in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Revenue from the sale of goods for VCD products after provision for sales return is recognized when VCD have been sold to the customer.

Revenue from the sale of goods - Smart Shop is recognized when the dealers have sold the goods.

Revenue from services is recognized when services are rendered.

Interest income

Interest income is recognised in the statement of income as it accrues.

(o) Expenses

Operating leases

Payments made under operating leases are recognized in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(p) Income tax

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4 Related party transactions and balances

Related parties are those parties linked to companies in the Group by common shareholders or directors. Significant transactions with related parties which are included in financial statements are conducted at prices based on market prices or at contractually agreed prices where no market prices exist.

Notes to financial statement

For the years ended 31 December 2009 and 2008

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company.

Name of the entities	Country of incorporation/ nationality	Nature of relationships
SiS Venture Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the group and some common directors
SiS Technologies Pte Ltd.	Singapore	Under the same control of the ultimate parent Company.
SiS International Ltd.	Hong Kong	Under the same control of the ultimate parent Company.
P.T.Sistech Kharisma	Indonesia	Under the same control of the ultimate parent Company.
SiS Distribution (M) Sdn. Bhd.	Malaysia	Under the same control of the ultimate parent Company.
Qool Labs Pte Ltd.	Singapore	Under the same control of the ultimate parent Company.

Transactions for the years ended 31 December 2009 and 2008 with related parties are summarised as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Sales			
SiS Technologies Pte Ltd.	1,911,088	1,911,088	580,339
SiS Distribution (M) Sdn. Bhd.	-	-	1,044,095
Total	**1,911,088**	**1,911,088**	**1,624,434**
Management fee			
SiS International Holdings Ltd.	**8,632,843**	**8,632,843**	**7,434,628**
Directors' remuneration			
Directors	**3,560,000**	**3,560,000**	**2,877,000**

Balances as at 31 December 2009 and 2008 with related parties are as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Amount due from related companies			
Qool labs Pte. Ltd.	-	-	12,147
SiS Technologies Pte Ltd.	-	-	222,784
	-	**-**	**234,931**

Notes to financial statement

For the years ended 31 December 2009 and 2008

Short-term loan from related party	**Interest rate**		**Consolidated financial statements**	**Separate financial statements**	
	2009	2008	2009	2009	2008
	%			*(in Baht)*	
Subsidiary					
SiS Venture Co., Ltd.	1.00	-		8,000,000	
Short-term loan from related party			**-**	**8,000,000**	**-**

Short-term loan from related party was due on demand.

	Consolidated financial statements	**Separate financial statements**	
	2009	2009	2008
		(in Baht)	
Accrued expenses			
SiS International Holdings Ltd.	**732,796**	**732,796**	**494,946**

Sales

The Company sales goods to related companies at the market price plus actual related expenses.

Purchases

The Company purchases goods from related companies at the actual cost plus actual related expenses.

Management fee

In 2004, the Company entered into an agreement with SiS International Holdings Ltd. for sharing the combined executive staff cost. The term of the agreement is from 1 January 2004 onward, and the monthly rate of management fee is 0.0625% of each month's sales.

Interest income/expense

Interest income/expense for loan to or loan from related party will be changed based on the interest rates of financial institutions.

Notes to financial statement

For the years ended 31 December 2009 and 2008

5 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Cash on hand	106,000	106,000	100,000
Cash at financial institutions			
- current accounts	25,926,958	25,896,958	35,011,430
Cash at financial institutions			
- savings accounts	27,627,616	26,963,977	48,303,211
Total	**53,660,574**	**52,966,935**	**83,414,641**

6 Trade accounts receivable

	Note	Consolidated financial statements	Separate financial statements	
		2009	2009	2008
			(in Baht)	
Related parties	*4*	-	-	234,931
Other parties		1,990,149,630	1,990,149,630	1,336,478,846
Total		**1,990,149,630**	**1,990,149,630**	1,336,713,777
Less allowance for doubtful accounts		(166,447,845)	(166,447,845)	(173,296,137)
Net		**1,823,701,785**	**1,823,701,785**	**1,163,417,640**
Bad debts and doubtful debts expenses for the year		**2,744,619**	**2,744,619**	**43,676,040**

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Within credit terms	1,330,340,798	1,330,340,798	839,379,235
Overdue:			
Less than 3 months	505,493,838	505,493,838	322,890,205
3-6 months	19,707,458	19,707,458	35,432,052
6-12 months	21,706,520	21,706,520	27,204,505
Over 12 months	112,901,016	112,901,016	111,807,780
	1,990,149,630	1,990,149,630	1,336,713,777
Less allowance for doubtful accounts	(166,447,845)	(166,447,845)	(173,296,137)
Net	**1,823,701,785**	**1,823,701,785**	**1,163,417,640**

The normal credit term granted by the Company is ranging from 30 days to 60 days.

Notes to financial statement

For the years ended 31 December 2009 and 2008

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Thai Baht (THB)	1,990,149,630	1,990,149,630	1,336,478,846
United States Dollars (USD)	-	-	234,931
Total	**1,990,149,630**	**1,990,149,630**	**1,336,713,777**

As at 31 December 2009**,** trade accounts receivable in the amount of Baht 131.55 million were sold to a factoring company on a without recourse basis. Therefore, the Company already derecognized the receivables from the balance sheet on the basis that substantially all the risks and rewards have been transferred to the factoring company. However, the Company has to follow some conditions in the Receivable purchase agreement, such as trade dispute circumstances between the Company and its customers and fee obligations from selling those receivables to the factoring company.

7 Finance lease receivables

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Finance lease receivables	1,682,652	1,682,652	6,049,395
Less unrealized interest income	(56,683)	(56,683)	(261,069)
Total	1,625,969	1,625,969	5,788,326
Less current portion of finance lease receivables	(1,625,969)	(1,625,969)	(4,211,455)
Net	**-**	**-**	**1,576,871**

The Company entered into computer and components lease agreements. The agreements have the lease period 2 -3 years. The Company will receive the rental income each month in the amount as stated in the agreements.

8 Inventories

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Finished goods - computer components	921,471,049	921,471,049	802,076,909
Finished goods	10,547,663	10,547,663	9,793,808
Goods in transit	50,114,143	50,114,143	33,783,780
	982,132,855	982,132,855	845,654,497
Less allowance for decline in value	(62,852,478)	(62,852,478)	(56,748,675)
Net	**919,280,377**	**919,280,377**	**788,905,822**

Notes to financial statement

For the years ended 31 December 2009 and 2008

The sale of finished goods - Video Compact Disc (VCD) is subject to the terms of an income sharing agreement with a vendor (See note 29 to financial statements).

9 Other current assets

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Accrued income	16,818,879	16,818,879	33,226,221
Prepaid expenses	2,267,228	2,267,228	9,384,061
Advance paid for purchase of goods	4,395,154	4,395,154	1,970,418
Revenue department receivable	43,641,757	43,641,654	-
Others	2,827,653	2,827,653	2,494,231
Total	**69,950,671**	**69,950,568**	**47,074,931**

10 Investment in subsidiary

	Separate financial statements							
	Ownership Interest		Paid-up capital		Cost method		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008
	%				*(in Baht)*			
Subsidiaries								
SiS venture Co.,Ltd.	99.99	-	59,999,970	-	59,999,970	-	-	-
Total			**59,999,970**	-	**59,999,970**	-	-	-

In June 2009, the Company initially invested in ordinary shares of SiS venture Co., Ltd. at 99.99% of authorized share capital

Notes to financial statement

For the years ended 31 December 2009 and 2008

11 Other long-term investment

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Other long-term investment			
Other non marketable equity security	51,030,000	-	-
Net	**51,030,000**	**-**	**-**

Other long-term investment was an investment in ordinary shares of Alliance & Link Corporation Company Limited at 15% of authorized share capital, by the Company's subsidiary.

12 Equipment

	Consolidated financial statements				
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	**Total**
			(in Baht)		
Cost					
At 1 January 2009	8,282,041	10,280,011	96,878,648	13,376,522	128,817,222
Additions	-	1,234,615	18,503,970	2,223,100	21,961,685
Disposals	-	-	(4,873,775)	-	(4,873,775)
At 31 December 2009	**8,282,041**	**11,514,626**	**110,508,843**	**15,599,622**	**145,905,132**
Accumulated depreciation					
At 1 January 2009	4,128,593	7,830,993	80,325,883	8,544,282	100,829,751
Depreciation charge for the year	954,177	1,380,390	10,435,741	1,389,812	14,160,120
Disposals	-	-	(4,784,428)	-	(4,784,428)
At 31 December 2009	**5,082,770**	**9,211,383**	**85,977,196**	**9,934,094**	**110,205,443**
Net book value					
Owned assets	2	2,303,243	24,531,647	5,665,528	32,500,420
Assets under finance leases	3,199,269	-	-	-	3,199,269
At 31 December 2009	**3,199,271**	**2,303,243**	**24,531,647**	**5,665,528**	**35,699,689**

Notes to financial statement

For the years ended 31 December 2009 and 2008

	Separate financial statements				
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	**Total**
			(in Baht)		
Cost					
At 1 January 2008	6,139,265	11,606,657	85,476,046	12,808,612	116,030,580
Additions	4,102,776	94,871	13,325,516	567,910	18,091,073
Disposals	(1,960,000)	(1,421,517)	(1,922,914)	-	(5,304,431)
At 31 December 2008 and 1 January 2009	**8,282,041**	**10,280,011**	**96,878,648**	**13,376,522**	**128,817,222**
Additions	-	1,234,615	18,503,970	2,223,100	21,961,685
Disposals	-	-	(4,873,775)	-	(4,873,775)
At 31 December 2009	**8,282,041**	**11,514,626**	**110,508,843**	**15,599,622**	**145,905,132**
Accumulated depreciation					
At 1 January 2008	5,306,983	7,077,675	71,313,889	7,168,252	90,866,799
Depreciation charge for the year	781,609	1,525,312	10,552,632	1,376,030	14,235,583
Disposals	(1,959,999)	(771,994)	(1,540,638)	-	(4,272,631)
At 31 December 2008 and 1 January 2009	**4,128,593**	**7,830,993**	**80,325,883**	**8,544,282**	**100,829,751**
Depreciation charge for the year	954,177	1,380,390	10,435,741	1,389,812	14,160,120
Disposals	-	-	(4,784,428)	-	(4,784,428)
At 31 December 2009	**5,082,770**	**9,211,383**	**85,977,196**	**9,934,094**	**110,205,443**
Net book value					
Owned assets	133,624	2,449,018	16,552,765	4,832,240	23,967,647
Assets under finance leases	4,019,824	-	-	-	4,019,824
At 31 December 2008	**4,153,448**	**2,449,018**	**16,552,765**	**4,832,240**	**27,987,471**
Owned assets	2	2,303,243	24,531,647	5,665,528	32,500,420
Assets under finance leases	3,199,269	-	-	-	3,199,269
At 31 December 2009	**3,199,271**	**2,303,243**	**24,531,647**	**5,665,528**	**35,699,689**

As at 31 December 2009 and 2008, depreciation of leasehold improvements were calculated based on 10 years whereas the lease contract period is 3 years. Under the term of the lease agreement, the Company has the option to renew the lease for a further period and the Company expects to renew the lease contract.

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2009 amounted to Baht 110.91 million *(2008: Baht 95.70 million).*

Notes to financial statement

For the years ended 31 December 2009 and 2008

13 Intangible assets

	Consolidated financial statements		
	Software licences	Software Licences in progress	**Total**
		(in Baht)	
Cost			
At 1 January 2009	28,172,828	6,500,000	34,672,828
Additions	449,769	-	449,769
At 31 December 2009	**28,622,597**	**6,500,000**	**35,122,597**
Accumulated depreciation			
At 1 January 2009	25,561,269	-	25,561,269
Amortisation charge for the year	553,494	-	553,494
At 31 December 2009	**26,114,763**	**-**	**26,114,763**
Net book value			
At 31 December 2009	**2,507,834**	**6,500,000**	**9,007,834**

	Separate financial statements		
	Software licences	Software Licences in progress	**Total**
		(in Baht)	
Cost			
At 1 January 2008	28,172,828	6,500,000	34,672,828
Additions	-	-	-
At 31 December 2008 and 1 January 2009	**28,172,828**	**6,500,000**	**34,672,828**
Additions	449,769	-	449,769
At 31 December 2009	**28,622,597**	**6,500,000**	**35,122,597**
Accumulated depreciation			
At 1 January 2008	24,976,997	-	24,976,997
Amortisation charge for the year	584,272	-	584,272
At 31 December 2008 and 1 January 2009	**25,561,269**	**-**	**25,561,269**
Amortisation charge for the year	553,494	-	553,494
At 31 December 2009	**26,114,763**	**-**	**26,114,763**
Net book value			
At 31 December 2008	**2,611,559**	**6,500,000**	**9,111,559**
At 31 December 2009	**2,507,834**	**6,500,000**	**9,007,834**

Notes to financial statement

For the years ended 31 December 2009 and 2008

14 Interest-bearing liabilities

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Current			
Bank overdraft	-	-	5,906,327
Unsecured	-	-	5,906,327
Trust receipts	42,331,718	42,331,718	14,142,191
Unsecured	**42,331,718**	**42,331,718**	**14,142,191**
Loans from financial institutions			
Unsecured	865,000,000	865,000,000	470,000,000
	865,000,000	**865,000,000**	**470,000,000**
Bank overdrafts and loans	907,331,718	907,331,718	490,048,518
Current portion of finance lease payables	680,844	680,844	680,844
Total	**908,012,562**	**908,012,562**	**490,729,362**
Non - current			
Financial lease payables	1,734,382	1,734,382	2,306,069
Total	**1,734,382**	**1,734,382**	**2,306,069**

The period to maturity of interest-bearing liabilities, excluding finance lease liabilities, is as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Within one year	907,331,718	907,331,718	490,048,518
Total	**907,331,718**	**907,331,718**	**490,048,518**

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements		
	2009		
	Principal	Interest	Payments
		(in Baht)	
Within one year	680,844	85,994	766,838
After one year but within five years	1,734,382	108,682	1,843,064
Total	**2,415,226**	**194,676**	**2,609,902**

Notes to financial statement

For the years ended 31 December 2009 and 2008

	Separate financial statements					
	2009			2008		
	Principal	Interest	Payments	Principal	Interest	Payments
	(in Baht)					
Within one year	680,844	85,994	766,838	680,844	110,042	790,886
After one year but within five years	1,734,382	108,682	1,843,064	2,306,069	192,947	2,499,016
Total	**2,415,226**	**194,676**	**2,609,902**	**2,986,913**	**302,989**	**3,289,902**

Financial lease payables are paid by monthly installment.

Interest-bearing liabilities of the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

15 Trade accounts payable

	Consolidated financial statements	**Separate financial statements**	
	2009	2009	2008
		(in Baht)	
Other parties	905,219,301	905,219,301	615,082,245
Total	**905,219,301**	**905,219,301**	**615,082,245**

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements	**Separate financial statements**	
	2009	2009	2008
		(in Baht)	
Thai Baht (THB)	747,753,000	747,753,000	406,889,748
United States Dollars (USD)	157,466,301	157,466,301	208,192,497
Total	**905,219,301**	**905,219,301**	**615,082,245**

16 Share capital

	Par value (in Baht)	2009 Number	2009 Baht	2008 Number	2008 Baht
		(thousand shares / thousand Baht)			
Authorized					
At 1 January					
- ordinary shares	*1*	205,000	205,000	205,000	205,000
Issuance of new shares	*1*	-	-	-	-
At 31 December					
- ordinary shares	*1*	**205,000**	**205,000**	**205,000**	**205,000**

Notes to financial statement

For the years ended 31 December 2009 and 2008

	Par value (in Baht)	2009 Number	2009 Baht	2008 Number	2008 Baht
		(thousand shares / thousand Baht)			
Issued and fully paid-up					
At 1 January					
- ordinary shares	*1*	203,174	203,174	201,481	201,481
Issuance of new shares	*1*	-	-	1,693	1,693
At 31 December					
- ordinary shares	*1*	**203,174**	**203,174**	**203,174**	**203,174**

In December 2007, there were warrant holders (note 17) who had exercised their right to buy the Company's ordinary shares, totaling 173,800 shares, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 3.11 per share. The Company had received payment for the cost of shares amounting to Baht 0.54 million. The increase of share capital was registered with the Ministry of Commerce on 17 January 2008.

In March 2008, there were warrant holders (note 17) who had exercised their right to buy the Company's ordinary shares, totaling 301,300, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 3.31 per share. The increase of share capital was registered with the Ministry of Commerce on 11 April 2008.

In June 2008, there were warrant holders (note 17) who had exercised their right to buy the Company's ordinary shares, totaling 1,203,700 shares, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 3.31 per share. The increase of share capital was registered with the Ministry of Commerce on 9 July 2008.

In September 2008, there were warrant holders (note 17) who exercised their right to buy the Company's ordinary shares, totaling 14,000 shares, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 3.59 per share. The increase of share capital was registered with the Ministry of Commerce on 9 October 2008.

17 Warrants

The Company has issued 5,000,000 units of warrants to the Company's directors and employees. The details of the Warrants are as follows:

Type of warrants	:	Specified-Holder-Name and Non-Transferable Warrants to buy ordinary shares to be newly issued by the Company.
Number of units	:	5 million units
Maturity	:	5 years
Offering	:	Offer to the Company's directors and employees
Offering price	:	Baht 0 per unit
Exercise price	:	Equal to book value of the ordinary shares of the Company pursuant to the latest financial statements.

Exercise date	:	The first exercise can be done after the Company's shares have been traded in the Stock Exchange of Thailand for at least 1 year. The first exercise starts on 30 June 2005 up to 9 June 2009. Each warrant holder can exercise not more than 25 percent of all warrants allotted to such warrant holder at each exercise date and can exercise an additional 25 percent of the total warrants allotted on the next scheduled date of exercise (every 3 months period)
Exercise right per unit	:	1 unit to 1 ordinary share
Number of ordinary shares allotted and reserved for the Warrants	:	Ordinary shares to be newly issued by the Company.

The warrants expired on 9 June 2009. As of that date holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the Company.

18 Additional paid-in capital and reserves

Share premium

The share premium account is set up under the provisions of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The account is not available for dividend distribution.

Legal reserve

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

19 Segment information

Segment information is presented in respect of the Company's business segments. The primary format, business segments is based on revenues and results of operations of each business. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company's operations involve principally a single industry segment, by trading in computer components and office automation equipment and providing service and rental of computers and accessories and trading in VCD. The operations carried on in the single geographic area of Thailand. The segment information for the years ended 31 December 2009 and 2008 comprised of:

Business segments

The Group comprises the following main business segments:

Segment 1	Computer components and office automation equipment
Segment 2	Providing service and rental of computers and accessories
Segment 3	VCD
Segment 4	Smart shop

Notes to financial statement

For the years ended 31 December 2009 and 2008

Geographic segment

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Revenue and the operation's result resulting from business segments in the Group's consolidated financial statements for the year ended 31 December 2009 and 2008 were as follows.

Business segment results

	Trading in computer components and office automation equipment	Providing service and rental of computers and accessories	Trading in VCD	Trading in Smart Shop	Total
			(in million Baht)		
For the year ended 31 December 2009					
Revenue	13,157.75	81.38	104.71	530.10	13,873.94
Cost	(12,459.86)	(64.95)	(94.35)	(505.53)	(13,124.69)
Gross profit	697.89	16.43	10.36	24.57	749.25
Selling and administrative expenses					(460.04)
Other expenses					(30.95)
Other income					75.57
Profit before income tax					333.83
Income tax					(92.10)
Net profit					**241.73**
Equipment - net					**35.70**
Total assets					**2,983.26**
For the year ended 31 December 2008					
Revenue	11,461.60	103.11	118.29	315.51	11,998.51
Cost	(10,702.76)	(76.20)	(107.54)	(300.45)	(11,186.95)
Gross profit	758.84	26.91	10.75	15.06	811.56
Selling and administrative expenses					(560.28)
Other expenses					(37.92)
Other income					88.79
Profit before income tax					302.15
Income tax					(95.53)
Net profit					**206.62**
Equipment - net					**27.99**
Total assets					**2,143.19**

Notes to financial statement

For the years ended 31 December 2009 and 2008

20 Other income

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Income from marketing refund	48,388,872	48,388,872	46,563,911
Bad debt recovery	306,984	306,984	11,737,077
Interest income	9,963,776	9,953,514	6,452,626
Gain on exchange rate	1,765,448	1,765,448	13,241,272
Others	15,142,872	15,142,872	10,794,048
Total	**75,567,952**	**75,557,690**	**88,788,934**

21 Selling expenses

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Distribution expenses	17,930,585	17,930,585	18,641,073
Marketing expenses	67,228,370	67,228,370	164,636,649
Personnel expenses	12,831,889	12,831,889	13,567,006
Total	**97,990,844**	**97,990,844**	**196,844,728**

22 Administrative expenses

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Personnel expenses	143,304,881	143,304,881	144,629,303
Depreciation and amortization	14,713,614	14,713,614	14,819,855
Bad debts and doubtful accounts	2,744,619	2,744,619	43,676,040
Others	152,053,310	151,676,490	125,679,734
Total	**312,816,424**	**312,439,604**	**328,804,932**

Notes to financial statement

For the years ended 31 December 2009 and 2008

23 Employee benefit expenses

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Management			
Wages, salaries and others	47,691,165	47,691,165	33,536,323
Contribution to defined benefit plans	1,546,942	1,546,942	1,093,220
	49,238,107	**49,238,107**	**34,629,543**

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Other employees			
Wages and salaries	141,046,816	141,046,816	141,015,390
Contribution to defined benefit plans	2,995,910	2,995,910	2,852,888
Other	12,094,044	12,094,044	14,328,031
	156,136,770	**156,136,770**	**158,196,309**
Total	**205,374,877**	**205,374,877**	**192,825,852**

The Company has established a contributory provident fund for its employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 5% of their basic salaries and by the Company at the rate of 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

24 Finance costs

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in Baht)	
Interest and fee to:			
Financial institutions	30,946,018	30,946,018	37,925,696
Total	**30,946,018**	**30,946,018**	**37,925,696**

Notes to financial statement

For the years ended 31 December 2009 and 2008

25 Income tax expense

	Consolidated financial statements	Separate financial statements	
	2552	2552	2551
		(in Baht)	
Current tax expense			
Current year	72,321,776	72,321,776	95,321,189
Under provided in prior years	19,786,807	19,786,807	206,266
Total	**92,108,583**	**92,108,583**	**95,527,455**

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand after 6 September 2001 a reduction in the corporate income tax rate from 30% to 25% for taxable profit for the five consecutive accounting periods beginning on or after enactment. Listed company Thai received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010. The Company has, accordingly, calculated income tax on its taxable profit for the years ended 31 December 2008 and 2009 at the 25% corporate income tax rate.

The current tax expense in the statement of income is different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because the different treatment for accounting and taxation purposes of certain items of expenses, in particular, doubtful debts expenses and other non deductible tax expenses recognized in the statement of income.

26 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in thousand Baht/ thousand shares)	
Profit for the year attributable to equity holder of the Company (statement of income)	241,728	242,094	206,619
Number of ordinary shares outstanding at 1 January	203,174	203,174	201,481
Effect of shares issued on 17 January 2008	-	-	174
Effect of shares issued on 11 April 2008	-	-	301
Effect of shares issued on 9 July 2008	-	-	1,204
Effect of shares issued on 14 October 2008	-	-	14
Weighted average number of ordinary shares outstanding (basic)	**203,174**	**203,174**	**202,443**
Basic earnings per share basic (in Baht)	**1.19**	**1.19**	**1.02**

Diluted earnings per share

Diluted earnings per share have not been presented in the financial statements since the effect of the exercise of outstanding warrants for shares would not be material.

27 Dividend paid

The Annual General Shareholders' Meeting No. 1/2552 held on 27 March 2009, passed a resolution authorizing the payment of dividend for the year ended 31 December 2009 at Baht 0.35 per share totaling Baht 71.11 million.

The Annual General Shareholders' Meeting No. 1/2551 held on 28 March 2008, passed a resolution authorizing the payment of dividend for the year ended 31 December 2008 at Baht 0.25 per share totaling Baht 50.41 million.

28 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (Note 14). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or reprice were as follows:

		Consolidated financial statements			
	Interest rates	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		*(in million Baht)*		
2009					
Current					
Overdrafts and loan from financial institutions	1.44-3.50	907.33	-	-	907.33
Total		**907.33**	**-**	**-**	**907.33**

Notes to financial statement

For the years ended 31 December 2009 and 2008

		Separate financial statements			
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in million Baht)			
2009					
Current					
Overdrafts and loan from financial institutions	1.44-3.50	907.33	-	-	907.33
Short-term Borrowings from individual or related parties	1.00	8.00	-	-	8.00
Total		**915.33**	**-**	**-**	**915.33**

		Separate financial statements			
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in million Baht)			
2008					
Current					
Overdrafts and loan from financial institutions	4.00-7.50	490.05	-	-	490.05
Total		**490.05**	**-**	**-**	**490.05**

Foreign currency risk

At 31 December, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements	Separate financial statements	
	Note	2009	2009	2008
			(in Baht)	
United States Dollars				
Trade accounts receivable	*6*	-	-	234,931
Trade accounts payable	*15*	(157,466,301)	(157,466,301)	(208,192,497)
Gross balance sheet exposure		**(157,466,301)**	**(157,466,301)**	**(207,957,566)**
Forward contracts		80,885,203	80,885,203	134,536,727
Swap contracts		48,599,360	48,599,360	199,179,660
Net exposure		**27,981,738**	**27,981,738**	**125,758,821**

Notes to financial statement

For the years ended 31 December 2009 and 2008

Credit risk

Credit risk is the risk arising from failure of customers or counterparties to meet their contractual obligations, which may eventually cause financial losses. The Group has determined a risk management policy through analysis of the customer and counterparties' financial status, and also by defining the rules for credit approval and debt collection period. In addition, the Group has policy to take out risk insurance for uncollectibility of accounts receivable.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non0financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for the measurement and/or disclosure purpose based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.
The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade receivables, trade payables and bank overdrafts and loans from financial institutions is taken to approximate the carrying value

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the balance sheet date for the residual maturity of the contract using a risk-free interest rate.

29 Commitments with non-related parties

	Consolidated financial statements	Separate financial statements	
	2009	2009	2008
		(in million Baht)	
Non-cancellable operating lease commitments			
Within one year	25.59	25.59	42.08
After one year but within five years	9.11	9.11	29.50
Total	**34.70**	**34.70**	**71.58**
Other commitments			
Unutilised credits facilities	2,042.67	2,042.67	2,199.36
Swap contracts	48.60	48.60	199.97
Forward contracts	80.89	80.89	134.54
Bank guarantee	15.37	15.37	7.01
Total	**2,187.53**	**2,187.53**	**2,540.88**

Lease and service agreements

The Company had commitments for building, warehouse and equipment lease contracts with terms of 1-3 years.

Forward contracts

In 2009, the Company has forward contract facilities with banks in the amount of Baht 758.57 million equivalent to USD 22.63 million. *(2008: Baht 774.86 million equivalent to USD 22.09 million).*

As at 31 December 2009, the Company had purchased forward contracts in the amount of USD 2.43 million, equivalent to Baht 80.89 million. The contracts are due in June 2010. *(2008: USD 3.86 million, equivalent to Baht 134.54 million which the contracts were due in June 2009).*

Swap contracts

As at 31 December 2009, the Company had purchased a currency swap contract in the amount of USD 1.45 million. The contract is due in March 2010. *(2551: USD 5.70 million which the contracts were due in March 2009).*

Others

In 2006, the Company entered into two VCD distributor agreements. The Company has to pay a portion of related income to the vendor from the sale of VCD, after deduction of discount as stated in the distribution agreements. The agreements were effective from 1 July 2006 and 1 October 2006 onward and will be terminated when the counter parties inform each others in writing.

30 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following new and revised TAS that have been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance	2012
TAS 24 (revised 2007)	Related Party Disclosures (formerly TAS 47)	2011
TAS 40 (revised 2009)	Investment Property	2011

31 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	2008 Separate financial statements		
	Before reclassification	Reclassification *(in Baht)*	After reclassification
Statement of income			
Selling and administrative expenses	563,311,361	(563,311,361)	-
Selling expenses	-	196,844,728	196,844,728
Administrative expenses	-	328,804,932	328,804,932
Management benefit expenses	-	34,629,543	34,629,543
Finance costs	34,893,538	3,032,158	37,925,696
		-	

The reclassifications have been made to comply with the classification set out in the Pronouncement of the Department of Business Development *"Determination of items in the financial statements B.E. 2552"* dated 30 January 2009.

บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
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